



# Annual Report

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# Corporate Directory

**ABN**

91 148 966 545

**Directors**

Mr Glenn Whiddon (Executive Chairman)

Mr Adam Santa Maria (Non-Executive Director)

Mr Ryan Gaffney (Non-Executive Director)

**Chief Executive Officer**

Mr Aidan Platel

**Company Secretary**

Mr James Bahen

**Registered office**

Unit 5, Ground Floor

1 Centro Avenue

Subiaco WA 6008

Telephone +61 8 9486 4699

Facsimile +61 8 9486 4799

**Website**

[www.aurochminerals.com](http://www.aurochminerals.com)

**Share Registry**

Automatic Register Services

Level 2, 267 St Georges Terrace

Perth WA 6000

Telephone +61 (0)8 9324 2099

Facsimile +61 (0)8 9321 2337

**Bankers**

National Australia Bank

7 Sandridge Road

Bunbury WA 6230

**Auditors**

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco, WA 6008

**Stock Exchange**

Australian Securities Exchange Limited

ASX Code: AOU

**Solicitors**

GTP Legal

Level 1, 28 Ord Street

West Perth WA 6005

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# Highlights

The Directors of Auroch Minerals Limited (Auroch, Company or the Group) are pleased to present the Annual Report for Financial Year 1st July 2017 to 30th June 2018.

This year was one of transformation for the Company as it shifted its focus to South Australia and its two base-metal projects, Arden and Bonaventura.

Under the guidance of new Chief Executive Director Aidan Platel, the Company has progressed quickly through initial field work. Spectacular early results from rock chip sampling encouraged the company to complete an aeromagnetic survey (Arden) and induced polarisation Survey (Bonaventura).

Post 2017-18 financial year, the Company has completed field work and moved onto its maiden drill programmes at both projects.

Our portfolio has been strategically acquired in a world-class region - South Australia has a long history of producing Tier-1 mines and with access to road, rail, smelting and port infrastructure, the directors are confident that both projects represent an excellent opportunity for exploration, discovery and low cost development due to the proximity of infrastructure and the Port Pirie smelter.

The Company focus will continue to be base-metals and gold, with all commodities experiencing strong demand from Asia and Europe with gold and copper a standout for future growth.

The Company has clear objectives for 2018-19, while it pushes ahead with drilling and exploration work in South Australia, the Company will continue to assess potential projects as the opportunity to acquire further Australian and international projects remains a focus for the board and development team.

The Board and Management thank shareholders for your support throughout the 2018 financial year and hope that our progress during the forthcoming year will continue to add value to your investment in Auroch Minerals.



The Company focus will continue to be base-metals and gold, with all commodities experiencing strong demand from Asia and Europe with gold and copper a standout for future growth.

## Arden Project

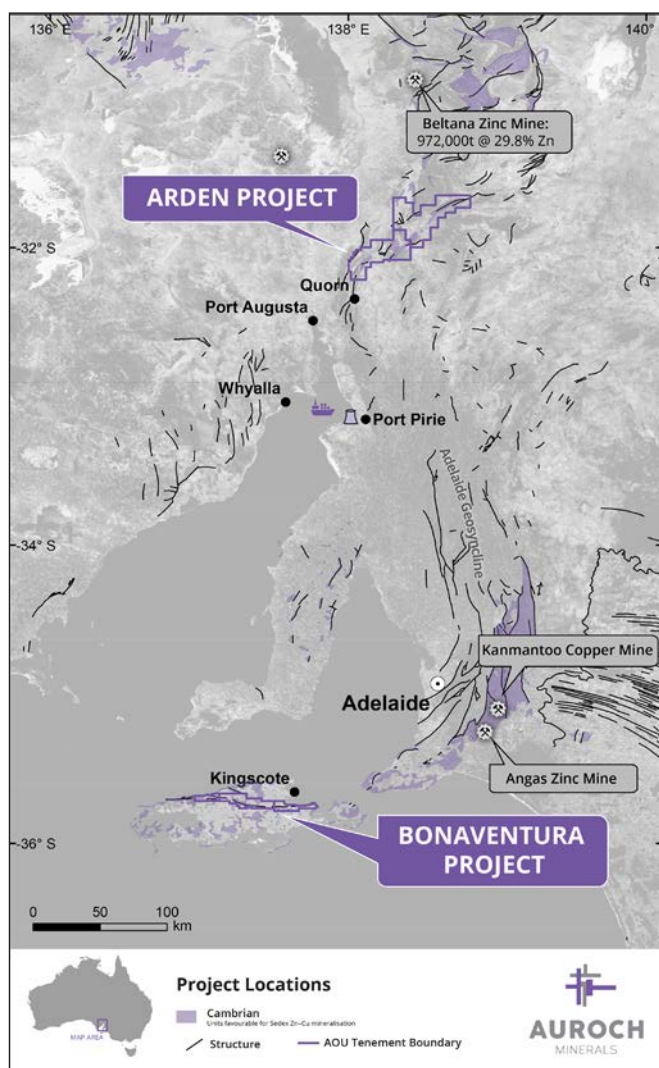
### Tenure, Location & Historical Activity

Located 35 kilometres to the north-northeast of Quorn, approximately 3.5 hours' drive north from Adelaide along highways and sealed roads. The project comprises a large exploration license (EL) of 710km<sup>2</sup> and has predominantly been cleared for farming and light grazing. A railway to local ports passes just to the south of the tenement with access to Nyrstar's Port Pirie base-metals refinery and smelter. Strong infrastructure is available with good telecommunications and grid power.

Between 1966 and 1972, Kennecott (Rio Tinto Group) identified potential Sedex-style zinc and copper mineralisation over 10km of strike and up to 40m wide. Since 1980 the Arden Project area has been the focus of diamond exploration with no further base-metal exploration undertaken.

### Field Work

Auroch geologists hit the ground running with field work at the previously-identified target areas of **Ragless Range, Radford Creek** and **Kanyaka targets** (Figure 2)- observing, photographing and sampling existing trenches and old workings.



Arden and Bonaventura Base-Metal Projects



Our portfolio has been strategically acquired in a world-class region - South Australia has a long history of producing Tier-1 mines.

The team observed extensive sedex-style mineralisation, with the presence of dark, manganiferous gossans observed at all three targets. Rock-chip samples were collected from trenches, creek beds and other outcrops, whilst additional samples were taken from float rocks on dumps surrounding old workings (all samples were prepared and assayed - Table 1). Further laboratory testing of the rock-chip samples found high-grade zinc, copper and cobalt mineralisation, encouraging the Company to perform further exploratory activities.

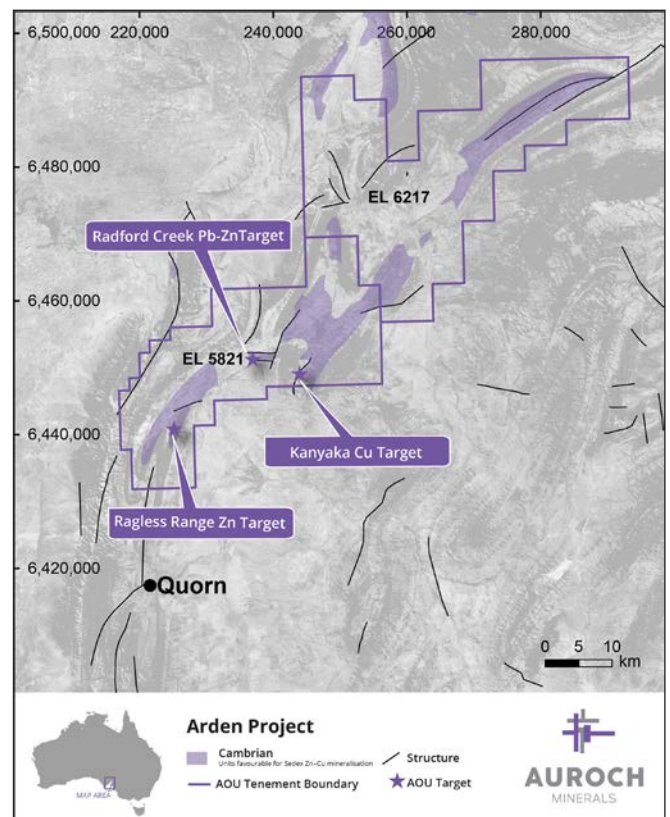


Figure 2 – Ragless Range, Kanyaka and Radford Creek Targets

**TABLE 1 – SIGNIFICANT ROCK CHIP RESULTS BY TARGET AREAS<sup>1</sup>**

| TARGET        | SAMPLE ID | RESULTS                                         | COMMENT                                            |
|---------------|-----------|-------------------------------------------------|----------------------------------------------------|
| Kanyaka       | AR0006    | <b>11.15% Cu</b>                                | Weathered CuCo <sub>3</sub> rocks in shear zone    |
| Kanyaka       | AR0009    | <b>11.30% Cu</b>                                | Float rock - weathered, CuCo <sub>3</sub> staining |
| Kanyaka       | AR0010    | <b>12.65% Cu</b>                                | Float rock - weathered, CuCo <sub>3</sub> staining |
| Kanyaka       | ARD-S-004 | <b>10.05% Cu</b>                                | Float rock - weathered, CuCo <sub>3</sub> staining |
| Kanyaka       | AR0011    | 8.06%Cu, 1.50% Zn & <b>0.44% Co</b>             | Mn +/- CuCo <sub>3</sub> + Co in shear             |
| Kanyaka       | AR0012    | <b>12.40%Cu</b> , 2.42% Zn & <b>0.47% Co</b>    | Mn +/- CuCo <sub>3</sub> + Co in shear             |
| Kanyaka       | ARD-S-005 | 9.87%Cu, <b>4.00% Zn</b> , 0.19% Co & 0.2g/t Au | Mn +/- CuCo <sub>3</sub> + Co in shear             |
| Radford Creek | AR0013    | 1.71% Zn & 1.55% Pb                             | Mn gossan in Trench 4                              |
| Radford Creek | AR0014    | 1.67% Zn, <b>3.85% Pb</b> & 13g/t Ag            | Mn gossan in Trench 4                              |
| Radford Creek | AR0015    | 1.68% Zn & 1.23% Pb                             | Goethitic saprolite in Trench 4                    |
| Radford Creek | AR0016    | 1.63% Zn, <b>2.89% Pb</b> , & 5g/t Ag           | Mn gossan - T4 Radford Creek                       |
| Ragless Range | AR0022    | <b>6.53% Zn</b> & 0.02% Co                      | Fe/Mn gossan within Trench 7                       |
| Ragless Range | AR0023    | <b>5.55% Zn</b> & 0.02% Co                      | Fe/Mn gossan within Trench 7                       |
| Ragless Range | AR0024    | 4.51% Zn & 0.05% Co                             | Fe/Mn gossan within Trench 7                       |
| Ragless Range | AR0025    | <b>6.97% Zn</b> & 0.02% Co                      | Fe/Mn gossan within Trench 7                       |
| Ragless Range | AR0030    | 3.85% Zn & 0.11% Co                             | Fe/Mn gossan within Trench 7                       |

### Aeromagnetic Survey

Following the encouraging results from field work and rock-chipping, the Company undertook a high-resolution aeromagnetic and radiometric survey over the entire Project area.

The interpretation of structures and lithological units will be used for field mapping, geochemical surface-sampling and interpretation of historical data, including future drill-hole targeting.

Flown at a 100m line-spacing oriented southeast-northwest, with 1km spaced tie-lines oriented northeast-southwest and comprised approximately 8,500-line kilometres, the data was processed immediately, with full results, interpretation and models to be released to market in Q4-2018 once ground-truthing of the model has been finalised.

### Financial Year 2018-19

Following environmental approval, the Company has planned a comprehensive drill programme to test targets across the project, the Company also plans to acquire further licenses adjacent to the project.

<sup>1</sup> 11/04/2018 ASX Announcement - Spectacular Results from Arden Base-Metals Project  
<https://www.asx.com.au/asxpdf/20180411/pdf/43t3p6gh91xx2b.pdf>

## Bonaventura Project

### Tenure, Location & Historical Activity

The Bonaventura Project comprises a large exploration license (EL) of 234km<sup>2</sup> in the north-eastern quadrant of Kangaroo Island. The project area has been previously cleared for grazing, with good access to the project and local infrastructure.

Bonaventura contains several small historic zinc, copper and gold mines with several drill-tested targets, the best intersections included: BVRC03 - 16m @ 3.4% Zn and 0.7% Pb from 52m including 6m @ 6.3% Zn and BVDD004 - 11m @ 3.1% Zn and 1.5% Pb from 26m including 1m @ 8.0% Zn.

Soil-sampling over Bonaventura had also been completed and shows strong zinc anomalism following the strike of the regional Cygnet-Snelling Fault (Figure 3). Lead anomalism up to 2,700ppm has also been delineated by the surface geochemistry results.

### Field Work

At the **Vinco Target** a high-resolution Induced Polarisation (IP) survey was completed with coincident magnetics, gravity and chargeability anomalies providing the Company with drill-ready targets.

The **Kohinoor Target** has highly prospective gold mineralisation with historic composite samples including results of 28 g/t Au, 9.5 g/t Au, 5.2 g/t Au, and 3.2 g/t Au. Follow up laboratory fire-assay had results up to 33.3 g/t Au. The Company's exploration model is focused on a structurally-controlled quartz vein system hosting high-grade gold mineralisation.

Reconnaissance field mapping<sup>2</sup> at **Grainger Target** showed high-grade zinc, copper and lead prospects. The laboratory analysis of rock-chip samples confirmed very high-grade base-metal mineralisation with up to 28% zinc (see Table 2). The area contains many historic artisanal mine workings, most of which have never been drill-tested.

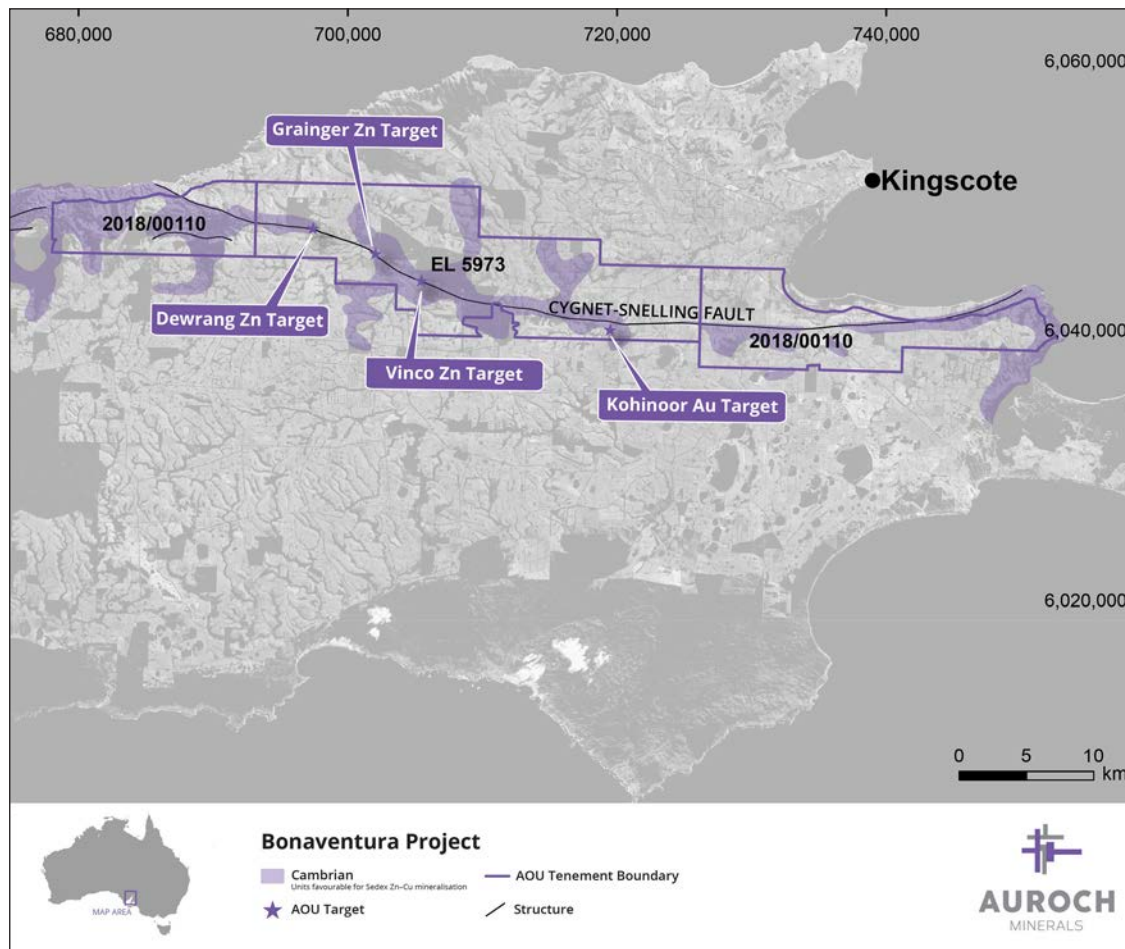


Figure 3 - Cygnet-Snelling Fault & Targets

<sup>2</sup> 11/05/2018 ASX Announcement – High-Grade Zinc and Gold Results from the Bonaventura Project  
<https://www.asx.com.au/asxpdf/20180511/pdf/43tykcrf6wpgbf.pdf>

**TABLE 2 – SIGNIFICANT RESULTS BY TARGET AREA<sup>3</sup>**

| TARGET   | SAMPLE ID | RESULTS                                           | COMMENT                                                                               |
|----------|-----------|---------------------------------------------------|---------------------------------------------------------------------------------------|
| Grainger | BON005    | <b>28.00% Zn, 1.44% Pb</b> , 0.22% Cu, 19.5g/t Ag | Moderately weathered, quartz vein hosted, coarse sphalerite + galena +/- chalcopyrite |
| Grainger | BON002    | <b>21.30% Zn, 3.06% Pb</b> , 0.45% Cu, 42.8g/t Ag | Moderately weathered, quartz vein hosted, coarse sphalerite + galena +/- chalcopyrite |
| Grainger | BON003    | <b>6.72% Zn, 2.17% Pb, 0.89% Cu</b> , 30.6g/t Ag  | Moderately weathered, quartz vein hosted, coarse sphalerite + galena +/- chalcopyrite |
| Grainger | BON004    | <b>3.17% Zn, 2.40% Pb, 0.91% Cu</b> , 51.6g/t Ag  | Moderately weathered, quartz vein hosted, coarse sphalerite + galena +/- chalcopyrite |
| Kohinoor | KH003     | <b>33.3 g/t Au</b>                                | Dump Sample: smoky, massive quartz vein with trace pyrite.                            |
| Kohinoor | KH002     | <b>17.4 g/t Au</b>                                | Dump Sample: smoky, massive quartz vein with trace pyrite.                            |
| Kohinoor | KH004     | <b>8.98 g/t Au</b>                                | Dump Sample: smoky, massive quartz vein with trace pyrite.                            |

### IP Survey

A single southwest-northeast IP line was completed at the **Grainger Target** to understand the IP response of the known high-grade zinc mineralisation. Two more southwest-northeast IP lines were completed along strike at the **Vinco Target**, with two north-south lines were completed 400m apart at the Dewrang Target.

### Financial Year 2018-19

Following environmental approval, the Company has planned a comprehensive drill programme to test targets across the project, the Company also plans to acquire further licenses adjacent to the project.

## Other Projects

### Alcoutim Project

The Company advised during the year that due to a condition precedent of the Binding Agreement (Agreement) not being fulfilled, it terminated the Agreement with its joint venture partners over the Alcoutim Project in south-east Portugal.

The Company fulfilled all obligations under the Alcoutim Prospecting Licence (licence) as required by the Agreement. An application for the renewal of the licence was submitted on time to the DGEG (Portuguese Directorate of Energy and Geology) however, as the licence was not yet renewed (which is a condition precedent of the Agreement), the Company elected to terminate the Agreement.

Auroch is entitled to the remaining cash at bank plus cash realised through the sale of other assets (after payment of certain windup costs) of the joint venture company Bolt Resources Pty Ltd ("Bolt"). The Company has now received

these funds. As consideration for the shortfall in the repayment of the loan, Bolt shall grant Auroch a royalty of 1% of the net smelter return of any minerals mined under the licence until such time as the aggregate of the royalty actually paid to Auroch is equivalent to €1,000,000.

### Tisova Project

The Company advised that it would not exercise its option to acquire the historic Tisová Copper Mine (Tisová Project). The Company fulfilled all its obligations under the Option Agreement which expired on 30 April 2018 and the Company was released from any further obligations under the Option Agreement.

### Namibian Exploration Prospecting Licence Applications

The Company's application of five new Exclusive Prospecting Licenses (EPLs) in the Erongo Region of Namibia still awaits approval.

Namibian law allows applications to overlap current granted licences provided there is no conflict in target mineral groups. These mineral groups are; Base and Rare Metals, Dimension Stone, Industrial Minerals (includes Lithium), Non-nuclear Fuels, Nuclear Fuel (there is a current moratorium on this class) Precious Metals, Precious Stones and Semi-Precious Stones.

An application to transfer EPL 5751 to a joint venture company effectively owned 90% by Auroch (or its nominee entity), and 10% by Dynamic Geo-Consulting Services CC ("DGS") was lodged during the period with the Namibian Ministry of Mines and Energy ("MME") and is still awaiting approval. Until the transfer is complete and registered, DGS will hold a 90% ownership interest in EPL 5751 as a bare trustee for the benefit of Auroch (or its nominee entity).

<sup>3</sup> 11/05/2018 ASX Announcement – High-Grade Zinc and Gold Results from the Bonaventura Project  
<https://www.asx.com.au/asxpdf/20180511/pdf/43tykcrf6wpqbf.pdf>

### CORPORATE

#### Appointment of Chief Executive Officer

Mr Aidan Platel was appointed as Chief Executive Officer of the Company on 1 June 2018. Aidan had consulted to Auroch for over 12 months, evaluating projects and more recently planning the work and drill programmes for the Company's recently acquired Arden and Bonaventura Projects.

Aidan is a geologist with close to 20 years' experience in both mining and exploration roles across a wide range of commodities. He has a proven track record of exploration success having discovered and developed several major deposits including the world-class Santa Rita Nickel deposit (>1Mt contained Ni metal).

Mr Andrew Tunks stepped down as Chief Executive Officer on 15 December 2017.

#### Board Appointment and Changes

The Company advised that Mr Adam Santa Maria was appointed to the Board as a Non-Executive Director on 5 June 2018. Mr Santa Maria is an experienced corporate finance and public company executive and co-founder of Discovery Capital Partners, an emerging boutique investment house and advisory firm focused on identifying and developing potential tier 1 assets and businesses and which has led or advised on over \$100 million in transactions since its inception in 2017. Both as a practicing lawyer and investment banker, he has advised many of Australia's leading and emerging companies on a number of significant corporate and commercial transactions throughout all stages of their development. Mr Santa Maria has particular expertise in corporate and commercial law and transaction execution, focusing on equity capital markets, corporate governance and M&A.

Mr David Lenigas stepped down from the board to focus on other business commitments, he will remain an advisor to the Board. The Board, on behalf of shareholders, would like to thank Mr Lenigas for his contribution to the Company.

#### Non-Renounceable Pro Rata Offer

On 20 June 2018 the Company announced it had lodged a Prospectus with the Australian Securities & Investment Commission<sup>4</sup> to raise up to approximately \$658,350 (before costs) through a non-renounceable, pro rata offer of options, each exercisable at \$0.10 on or before 30 November 2021 (New Options), at an issue price of \$0.02 per New Option to eligible shareholders on the basis of one (1) New Option for every three (3) Shares held on the record date (Offer).

The funds raised under the Offer will be used to supplement the Company's existing cash reserves and will be primarily used to fund further work on the Arden and Bonaventura projects, including completion of aeromagnetic, IP surveys and further drilling, and will otherwise be used for general working capital purposes.

The Offer was fully underwritten by Clarion Finance Pte Ltd (Underwriter). An underwriting fee of 2.5% was paid on the underwriting commitment (calculated by multiplying the maximum number of New Options to be issued under the Offer by the issue price of \$0.02 per New Option).

Subsequent to the end of the quarter, the Company received acceptances for 11,646,717 for New Options exercisable at \$0.10 on or before 30 November 2021, under the offer from Eligible Shareholders raising total funds of \$232,934 before costs. The 21,270,881 New Options shortfall will be subscribed for or placed by the Underwriter.

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<sup>4</sup> 20/06/2018 ASX Announcement – Non-renounceable Pro Rata Offer  
<https://www.asx.com.au/asxpdf/20180620/pdf/43vxdtbkcptrb.pdf>

## Appendix 1 - Interest in Mining Tenements

### Australia

| Tenement    | Tenement ID | Status  | Interest at beginning of year | Interest acquired or disposed | Interest at end of year |
|-------------|-------------|---------|-------------------------------|-------------------------------|-------------------------|
| Arden       | EL 639      | Granted | -                             | 90%                           | 90%                     |
| Bonaventura | EL 5821     | Granted | -                             | 100%                          | 100%                    |

### Namibia

| Tenement    | Tenement ID | Status      | Interest at beginning of year | Interest acquired or disposed | Interest at end of year |
|-------------|-------------|-------------|-------------------------------|-------------------------------|-------------------------|
| Garums      | EPL6840     | Application | -                             | -                             | -                       |
| Okattjiho   | EPL6484     | Application | -                             | -                             | -                       |
| Orutjiva    | EPL6482     | Application | -                             | -                             | -                       |
| Moria       | EPL6841     | Application | -                             | -                             | -                       |
| Narubis     | EPL6483     | Application | -                             | -                             | -                       |
| Karibib (1) | EPL 5751    | Option      | -                             | -                             | -                       |

(1) Dynamic Geo-Consulting Services CC ("DGS") holds a 90% ownership interest in EPL 5751 as a bare trustee for the benefit of Auroch (or its nominee entity)

### Portugal

| Tenement    | Tenement ID                    | Status  | Interest at beginning of year | Interest acquired or disposed | Interest at end of year |
|-------------|--------------------------------|---------|-------------------------------|-------------------------------|-------------------------|
| Alcoutim(1) | <u>MN/PP/00</u><br><u>8/14</u> | Granted | 65%                           | (65)%                         | 0%                      |

(1) The Company had the right to earn a 75% interest in the Alcoutim Project

### Czech Republic

| Tenement  | Tenement ID                                  | Status  | Interest at beginning of year | Interest acquired or disposed | Interest at end of year |
|-----------|----------------------------------------------|---------|-------------------------------|-------------------------------|-------------------------|
| Tisova(1) | Č.j.<br>77533/ENV<br>/14,<br>2091/530/<br>14 | Granted | 0%                            | 100%                          | 0%                      |

(1) The Company had the option to earn a 100% interest in the Tisova Project

### Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Sheehan and represents an accurate representation of the available data. Mr Sheehan (Member of the Australian Institute of Mining and Metallurgy) is the Company's Chief Geological Officer and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sheehan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Forward-Looking Statements

*This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Auroch Minerals Limited's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential", "should," and similar expressions are forward-looking statements. Although Auroch Minerals Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*

### DIRECTORS

The names of Directors who held office during or since the end of the period:

Mr Glenn Whiddon  
Mr Ryan Gaffney  
Mr Adam Santa Maria (appointed 5 June 2018)  
Mr David Lenigas (resigned 5 June 2018)

### INFORMATION ON DIRECTORS

Information on Directors as at the date of this report is as follows:

#### Mr Glenn Whiddon

##### Executive Chairman

Glenn has an extensive background in equity capital markets, banking and corporate advisory with specific focus on natural resources, enabling project origination and financing. He has a significant contact network throughout the world which has led to the development of a number of projects. Glenn holds an economics degree and has extensive corporate and management experience. He has global banking experience with The Bank of New York in Australia, Europe and Russia. Mr Whiddon is currently a director of Calima Energy Ltd, Fraser Range Metals Group Ltd, Hear Me Out Limited and Statesman Resources Ltd.

In the past 3 years Mr Whiddon has been a director of Doriemus Plc.

*Equity interests: 1,624,976 ordinary shares, 950,000 options exercisable at \$0.20 on or before 23 October 2018 and 2,250,000 performance rights.*

*Glenn Whiddon has no relevant equity interest in the following: 8,009,651 ordinary shares, 1,818,147 options exercisable at \$0.08 on or before 31 December 2018, 1,900,000 options exercisable at \$0.20 on or before 23 October 2018. These are held by MIMO Strategies Pty Ltd or 6466 Investments Pty Ltd. Jane Whiddon is the controller of these entities. They have only been included for good corporate governance purposes only.*

#### Mr Ryan Gaffney

##### Non-Executive Director

Ryan holds a BSBA in Finance and Economics from the Daniels College of Business, University of Denver, Colorado. Ryan, based in London, UK, currently runs an independent advisory and consulting business focused on Mergers and Acquisitions advisory and fundraising for small and medium-cap companies. He was previously a Managing Director with Canaccord Genuity in London, where he focused on providing natural resources clients with mergers and acquisitions, financing, and advisory services from 2002 to 2015.

Ryan is not currently a director of any other listed company and has not held any directorships in the last three years.

*Equity interests in the Company: 250,000 ordinary shares and 750,000 performance rights.*

#### **Mr Adam Santa Maria (Appointed 5 June 2018)**

##### **Non-Executive Director**

Mr Adam Santa Maria was appointed to the Board as a Non-Executive Director on June 5 2018 Mr Santa Maria is an experienced corporate finance and public company executive and co-founder of Discovery Capital Partners, an emerging boutique investment house and advisory firm focused on identifying and developing potential tier 1 assets and businesses and which has led or advised on over \$100 million in transactions since its inception in 2017. Both as a practicing lawyer and investment banker, he has advised many of Australia's leading and emerging companies on a number of significant corporate and commercial transactions throughout all stages of their development. Mr Santa Maria has particular expertise in corporate and commercial law and transaction execution, focusing on equity capital markets, corporate governance and M&A.

Mr Santa Maria is currently a Chairman of Acacia Coal Limited. In the past three years, Mr Santa Maria has not held any directorships in the last three years.

*Equity interests in the Company: 1,500,000 ordinary shares and 1,000,000 performance shares.*

#### **Mr David Lenigas (Resigned 5 June 2018)**

##### **Non-Executive Director**

Mr Lenigas is an experienced mining engineer with significant global resources and corporate experience, having served as executive chairman, chairman, and non-executive director of many public listed companies in London, Canada, Johannesburg, and Australia.

Mr Lenigas has a Bachelor of Applied Science (Mining Engineering) (Distinction) from Curtin University's Kalgoorlie School of Mines and holds a Western Australian First Class Mine Manager's Certificate of Competency.

Mr Lenigas is currently a director of Cadence Minerals Plc, Macauther Minerals Limited, Artemis Resources Limited, Doriemis Plc, AfriAg Plc and Clancy Exploration Limited.

In the past 3 years Mr Lenigas has been a director of Oil & Gas Investments plc.

*Equity interests in the Company: 1,000,000 performance rights*

#### **DIRECTORS MEETING**

There were no formal Directors' meetings held during the period. The Directors' conducted formal business via circulating resolution.

#### **REMUNERATION REPORT (Audited)**

The Remuneration Report is set out under the following main headings:

- Remuneration policy
- Details of remuneration
- Share-based compensation
- Equity instrument disclosures relating to Key Management Personnel
- Loans to Key Management Personnel
- Other transactions with Key Management Personnel
- Service agreements

The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001.

This report details the nature and amount of remuneration for each Director of Auroch Minerals Limited and key management personnel of the group. Those who are considered key management personnel of the group during the period are as follows:

1. Glenn Whiddon (Executive Chairman)
2. Ryan Gaffney (Non-Executive Director)
3. Adam Santa Maria (Non-Executive Director, appointed 5 June 2018)
4. David Lenigas (Non-Executive Director, resigned 5 June 2018)
5. Aidan Platel (Chief Executive Officer, appointed 1 June 2018)
6. Andrew Tunks (Chief Executive Officer, resigned 15 December 2017)
7. James Bahen (Company Secretary)

### Remuneration policy

The remuneration policy of Auroch has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives, based on key performance areas affecting the Group's financial results. Key performance areas of the Group include cash flow, share price, exploration results and development of cash-generating business activities. The Board of Directors (the Board) of Auroch believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

### *Voting and comments made at the company's 2017 Annual General Meeting*

At the 2017 Annual general Meeting the Company remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

### Remuneration Governance

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and the ability to receive options and performance-based incentives. The remuneration committee, composed of the full Board, reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

The employees of the Group receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Group and expensed. Options (if applicable) given to Directors and Key Management Personnel are valued using an appropriate option pricing methodology.

The Board policy is to remunerate non-executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The remuneration committee determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

The maximum aggregate amount of fees that can be paid to non-executive Directors was approved by shareholders at a General Meeting held on 11 February 2011. The maximum amount of fees payable to non-executive directors is \$250,000 per annum.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the Company. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Board as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. During the Period no performance based incentives, options or bonuses were granted to any director or executive. As such, no pre-determined performance criteria have been outlined for the existing Board.

During the year the company did not seek the advice of remuneration consultants.

#### Company performance, shareholder wealth and director and executive remuneration

The following table shows gross revenue, profits/losses and share price of the Group at the end of the current and previous financial years since incorporation. There is no link between company performance and remuneration given the current nature of the Company's operations.

|                                                    | 30 June<br>2018<br>\$ | 30 June<br>2017<br>\$ | 30 June<br>2016<br>\$ | 30 June<br>2015<br>\$ |
|----------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue from continuing operations (interest only) | 115,189               | 242,275               | 1,178                 | 81,791                |
| Net profit/(loss)                                  | (3,679,893)           | (1,919,686)           | 2,510,541             | (1,003,116)           |
| Share price                                        | \$0.08                | \$0.145               | \$0.13                | \$0.12                |

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. This will be achieved via offering performance incentives based on key performance indicators.

#### Details of remuneration

| 2018                 | Short-term<br>benefits     | Post-<br>employment<br>benefits | Share-based<br>Payment |         |         |                     |                      |
|----------------------|----------------------------|---------------------------------|------------------------|---------|---------|---------------------|----------------------|
| Name                 | Cash<br>Salary and<br>Fees | Super-<br>annuation             | Equity                 | Options | Total   | %<br>perf.<br>based | %<br>Equity<br>based |
| Glenn Whiddon        | 159,200                    | -                               | 146,439                | -       | 305,639 | -                   | 48%                  |
| Ryan Gaffney         | 60,000                     | -                               | 48,813                 | -       | 108,813 | -                   | 45%                  |
| Adam Santa Maria (i) | 3,000                      | -                               | -                      | -       | 3,000   | -                   | -                    |
| David Lenigas (ii)   | 62,000                     | -                               | 48,813                 | -       | 110,813 | -                   | 44%                  |
| <b>Other</b>         |                            |                                 |                        |         |         |                     |                      |
| Aidan Platel (iii)   | 16,667                     | 1,583                           | 97,626                 | -       | 115,876 | -                   | 84%                  |

|                   |                |              |                |          |                |          |          |
|-------------------|----------------|--------------|----------------|----------|----------------|----------|----------|
| Andrew Tunks (iv) | 121,857        | -            | -              | -        | 121,857        | -        | -        |
| James Bahen       | 62,029         | 5,893        | 48,813         | -        | 116,734        | -        | 42%      |
| <b>Total</b>      | <b>484,753</b> | <b>7,476</b> | <b>390,504</b> | <b>-</b> | <b>882,733</b> | <b>-</b> | <b>-</b> |

- (i) Adam Santa Maria was appointed on 5 June 2018
- (ii) David Lenigas resigned 5 June 2018
- (iii) Aidan Platel appointed 1 June 2018
- (iv) Andrew Tunks resigned 15 December 2017

#### Details of remuneration

| 2017                | Short-term benefits  | Post-employment benefits | Share-based Payment |          |                |               |                |
|---------------------|----------------------|--------------------------|---------------------|----------|----------------|---------------|----------------|
| Name                | Cash Salary and Fees | Super-annuation          | Equity              | Options  | Total          | % perf. based | % Equity based |
| Glenn Whiddon(i)    | 233,900              | -                        | -                   | -        | 233,900        | -             | -              |
| Matthew Foy(ii)     | 80,300               | -                        | -                   | -        | 80,300         | -             | -              |
| David Lenigas (iii) | 49,600               | -                        | -                   | -        | 49,600         | -             | -              |
| Ryan Gaffney        | 43,000               | -                        | -                   | -        | 43,000         | -             | -              |
| <b>Other</b>        |                      |                          |                     |          |                |               |                |
| Andrew Tunks        | 249,960              | -                        | -                   | -        | 249,960        | -             | -              |
| James Bahen (iv)    | 12,294               | 1,168                    | -                   | -        | 13,462         | -             | -              |
| <b>Total</b>        | <b>671,754</b>       | <b>1,168</b>             | <b>-</b>            | <b>-</b> | <b>672,922</b> | <b>-</b>      | <b>-</b>       |

- (i) Glenn Whiddon was paid a bonus of \$50,000 in respect of the Manica asset sale transactions.
- (ii) Matthew Foy resigned 28 April 2017
- (iii) David Lenigas appointed 7 November 2016
- (iv) James Bahen appointed 28 April 2017

#### Share-based compensation

The Auroch Minerals Limited Employee Share Plan (the "Plan") is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. Approved by Shareholders 4 April 2013 the Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

During the Period no shares were issued under the Plan.

#### Shares

There were no shares issued to Directors or employees by the Group under the Plan during the year (2017: Nil), refer to the above table for details of share based payments to Directors and employees not under the Plan.

### Options

There were no options issued to Directors or employees by the Group (2017: Nil) under the Plan during the year.

### Performance Rights

The Plan is open to any eligible persons who are full-time or permanent part time employees of the Company, or a related body corporate which includes directors, the company secretary and officers or other such persons as the Board determines to be eligible to receive grants of Performance Rights under the Plan. Subject to the satisfaction of the vesting conditions given to eligible participants, each Performance Right vest to one Share.

The Performance Rights are issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights. Vesting conditions, if any, are determined by the Board from time to time and set out in individual offers for the grant of Performance Rights. Shares issued upon vesting may be freely transferred subject to compliance with the Group's securities trading rules.

The Performance Rights granted in the year to 30 June 2018 will vest as follows: 25% will vest immediately on the date of grant 25% will vest every six months thereafter, provided that on the relevant vesting date the holder remains employed by, or contracted to provide services to, the Company.

The Performance Rights will vest immediately on a change of control of The Company.

During the year 8,000,000 performance rights were issued under the Performance Rights Plan. The grant date of the performance rights was 6 April 2018 and 25% (2,000,000) have vested during the year. The fair value per right is \$0.1.

### Equity Instrument Disclosures Relating to Key Management Personnel

#### (i) Options provided as remuneration and shares issued on any exercise of such options

There were no options provided as remuneration and shares issued on any exercise of such options issued during the period.

#### (ii) Option holdings

At the end of the period, the Director's option holdings are as follows:

| 2018                 | Balance at the<br>start of the period | Received during<br>the period | Other changes during the<br>period | Balance at the end<br>of the period |
|----------------------|---------------------------------------|-------------------------------|------------------------------------|-------------------------------------|
| <b>Options</b>       |                                       |                               |                                    |                                     |
| <b>Directors</b>     |                                       |                               |                                    |                                     |
| Glenn Whiddon        | 4,668,147                             | -                             | -                                  | 4,668,147                           |
| Ryan Gaffney         | -                                     | -                             | -                                  | -                                   |
| Adam Santa Maria (i) | -                                     | -                             | -                                  | -                                   |
| <b>Employees</b>     |                                       |                               |                                    |                                     |
| Aidan Platel (ii)    | -                                     | -                             | -                                  | -                                   |
| James Bahen          | -                                     | -                             | -                                  | -                                   |
| Total                | 4,668,147                             | -                             | -                                  | 4,668,147                           |

(i) Adam Santa Maria appointed 5 June 2018

(ii) Aidan Platel appointed 1 June 2018

#### (iii) Share holdings

Aggregate numbers of shares of the Group held directly, indirectly or beneficially by Directors or key management personnel of the Group at the date of this report:

| 2018                     | Balance at the start of the period | Received during the period | Other changes during the period | Balance at the end of the period |
|--------------------------|------------------------------------|----------------------------|---------------------------------|----------------------------------|
| <b>Fully Paid Shares</b> |                                    |                            |                                 |                                  |
| <b>Directors</b>         |                                    |                            |                                 |                                  |
| Glenn Whiddon            | 9,634,627                          | -                          | -                               | 9,634,627                        |
| Ryan Gaffney             | -                                  | -                          | 250,000                         | 250,000                          |
| Adam Santa Maria (i)     | -                                  | -                          | 1,500,000                       | 1,500,000                        |
| <b>Employees</b>         |                                    |                            |                                 |                                  |
| Aidan Platel (ii)        | 75,000                             | -                          | 500,000                         | 575,000                          |
| James Bahen              | -                                  | -                          | 350,000                         | 350,000                          |
| Total                    | 9,709,627                          | -                          | 2,600,000                       | 12,309,627                       |

(i) Adam Santa Maria appointed 5 June 2018

(ii) Aidan Platel appointed 1 June 2018

*(iii) Performance Rights Holdings*

Aggregate numbers of Performance Rights holdings of the Group held directly, indirectly or beneficially by Directors or key management personnel of the Group at the date of this report:

| 2018                      | Balance at the start of the period | Received during the period | Converted/vested during the period | Balance at the end of the period |
|---------------------------|------------------------------------|----------------------------|------------------------------------|----------------------------------|
| <b>Performance Rights</b> |                                    |                            |                                    |                                  |
| <b>Directors</b>          |                                    |                            |                                    |                                  |
| Glenn Whiddon             | -                                  | 3,000,000                  | (750,000)                          | 2,250,000                        |
| Ryan Gaffney              | -                                  | 1,000,000                  | (250,000)                          | 750,000                          |
| Adam Santa Maria (i)      | -                                  | -                          | -                                  | -                                |
| David Lenigas (ii)        | -                                  | 1,000,000                  | -                                  | 1,000,000                        |
| <b>Employees</b>          |                                    |                            |                                    |                                  |
| Aidan Platel (ii)         | -                                  | 2,000,000                  | (500,000)                          | 1,500,000                        |
| James Bahen               | -                                  | 1,000,000                  | (250,000)                          | 750,000                          |
| Total                     | -                                  | 8,000,000                  | (1,750,000)                        | 6,250,000                        |

(i) Adam Santa Maria appointed 5 June 2018

(ii) David Lenigas resigned on 5 June 2018

(iii) Aidan Platel appointed 1 June 2018

**Loans to Key Management Personnel**

There were no loans to key management personnel during the year.

**Other transactions with Key Management Personnel**

Adam Santa Maria is a director of Discovery Capital Partners Pty Ltd. During the period ended 30 June 2018 the Company was providing corporate advisory services to Auroch Minerals Limited. Discovery Capital Partners Pty Ltd also received a fee for introducing the Arden Project and Bonaventura. Payments to Discovery Capital Partners Pty Ltd during the relevant period total \$65,000, 1,500,000 fully paid ordinary shares and 1,000,000 performance shares (2017: nil). The amounts owed to Discovery Capital Partners Pty as at 30 June 2018 was nil (2017: \$nil).

Glenn Whiddon is a director and James Bahen is company secretary of Calima Energy Limited. During the period ended 30 June 2018 the Company sub-leased office space to Auroch Minerals Limited. Payments to Calima Energy Limited during the relevant period total \$27,200 (2017: nil). The amounts owed to Calima Energy Limited as at 30 June 2018 was nil (2017: \$nil).

Glenn Whiddon is a related party of 6466 Investments Pty Ltd. During the period ended 30 June 2018 the Company paid \$132,715 (2017: nil) to 6466 Investments Pty Ltd for the reimbursement of costs in relation to the acquisition of the Arden Project and Bonaventura Project.

Glenn Whiddon is a related party of Mimo Trust. During the period ended 30 June 2018 the Company paid \$17,000 (2017: nil) to Mimo Trust for the reimbursement of costs in relation to the acquisition of the Arden Project and Bonaventura Project. The amounts owed to Mimo Trust as at 30 June 2018 was nil (2017: \$nil).

#### **Service Agreements**

Mr Adan Platel has a consultancy agreement with the Company whereby Mr Platel provides services in his capacity as Chief Executive Officer. The consulting agreement commenced on 1 June 2018 for an indefinite term at \$200,000 per annum. The Company or Mr Platel may terminate the agreement by giving two months' notice, or by the Company making two months' payment in lieu of notice.

Mr James Bahen has an executive employment agreement with the Company whereby Mr Bahen provides services in his capacity as Company Secretary. The agreement commenced on 10 April 2017 for an indefinite term at \$70,000 per annum. The Company or Mr Bahen may terminate the agreement by giving one months' notice, or by the Company making one months' payment in lieu of notice.

#### **End of Audited Remuneration Report**

#### **OPERATING RESULTS**

The net loss after providing for income tax amounted to \$3,679,893 (2017: loss \$1,919,686).

#### **PRINCIPAL ACTIVITY**

The principal activity of the Group is mineral exploration and development.

#### **DIVIDENDS**

There were no dividends paid or recommended during the financial year ended 30 June 2018 (2017: Nil).

#### **FINANCIAL POSITION**

The net assets of the Group at 30 June 2018 are \$5,523,331 (2017: \$7,720,238).

#### **ENVIRONMENTAL REGULATIONS**

In the normal course of business, there are no environmental regulations or requirements that the Group is subject to.

#### **Greenhouse gas and energy data reporting requirements**

The Company is not required to report under the Energy Efficiencies Opportunity Act 2006 or the National Greenhouse and Energy Efficient Reporting Act 2007 (the Acts).

#### **INDEMNIFYING OFFICERS OR AUDITOR**

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and

howsoever occurring or in defending any proceedings, whether civil or criminal. During the period the Group paid \$29,224 in premiums for Directors and Officer Insurance.

#### **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

#### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There has been no other significant changes in the state of affairs of the Group during the financial year.

#### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

In the opinion of the Directors, disclosure of any further information on likely developments in operations and expected results would be prejudicial to the interests of the Group, the consolidated entity and shareholders.

#### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

On 13 July 2017 the company announced the results of the non-renounceable, pro rata offer of New Options announced by the Company on 20 June 2018 (Entitlement Offer) which closed on 10 July 2018.

The Company received acceptances from eligible shareholders for 11,646,717 New Options, each exercisable at \$0.10 on or before 30 November 2021, under the Entitlement Offer raising total funds of \$232,934 before costs. The Entitlement Offer was fully underwritten by Clarion Finance Pte Ltd (Underwriter) leaving a shortfall of 21,270,881 New Options to be subscribed for or placed by the Underwriter.

Below is a table outlining the acceptances and shortfall under the Entitlement Offer:

|                                                                                      | <b>Number of New Options</b> |
|--------------------------------------------------------------------------------------|------------------------------|
| Maximum number of New Options offered under the Entitlement Offer                    | 32,917,598                   |
| New Options validly applied for by eligible shareholders under the Entitlement Offer | 11,646,717                   |
| Shortfall New Options to be subscribed for or placed by the Underwriter              | 21,270,881                   |

The 11,646,717 New Options under the Entitlement Offer were issued on 17 July 2018, in accordance with the Entitlement Offer timetable, and the shortfall New Options will be issued within 3 months of the closing date of the Entitlement Offer.

On 30 August 2018, the Company announced it increased its tenement package in South Australia with 2 new Exploration Licence Applications (ELAs), one at the Arden Project and one at the Bonaventura Project.

At the Arden Project, located near Port Augusta approximately 315km north of Adelaide, exploration licence EL 6217 was granted. It comprises 954km<sup>2</sup> and is dominated by Cambrian-aged lithological units considered highly-prospective for SEDEX (Sedimentary Exhalative) base-metals mineralisation. The area is contiguous with the existing Arden tenement EL 5821 and brings the total area of the Arden Project to 1,664km<sup>2</sup>

At the Bonaventura Project on Kangaroo Island, the new Exploration Licence Application (ELA) areas are contiguous with the existing tenement EL 5973 and lie to both the east and the west of the existing tenement. The new areas consist of Cambrian-aged lithologies favourable for SEDEX base-metals mineralisation, and also cover the extensions of the Cygnet-Snelling Fault, a regional-scale fault that is the focus of many historic artisanal base-metals and gold mines. The application is for 181km<sup>2</sup> which would bring the total tenement package of the Bonaventura Project to 415km<sup>2</sup>.

## NON AUDIT SERVICES

During the financial period the following fees were paid or payable for services provided by the auditor:

|                                                      | 2018<br>\$ | 2017<br>\$ |
|------------------------------------------------------|------------|------------|
| BDO Corporate Tax (WA) Pty Ltd, tax compliance       | 8,415      | 24,847     |
| BDO Corporate Finance (WA) Pty Ltd, option valuation | 733        | -          |
|                                                      | 9,148      | 24,847     |

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the group are important.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board of directors to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration by the lead auditor under section 307C of the Corporations Act 2001 is included on page 21 of this financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Glenn Whiddon

**DIRECTOR**

Dated this 27<sup>th</sup> day of September 2018



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### DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF AUROCH MINERALS LIMITED

As lead auditor of Auroch Minerals Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Auroch Minerals Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a faint, light blue circular stamp.

**Dean Just**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 27 September 2018

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation *other than for the acts or omissions of financial services licensees*

**FOR THE YEAR ENDED 30 JUNE 2018**

|                                             | <b>Note</b> | <b>2018</b> | <b>2017</b> |
|---------------------------------------------|-------------|-------------|-------------|
|                                             |             | <b>\$</b>   | <b>\$</b>   |
| Revenue                                     | 3           | 303,132     | 497,245     |
| Less Expenses:                              |             |             |             |
| Accounting fees                             |             | (39,648)    | (40,500)    |
| Audit fees                                  |             | (40,500)    | (28,133)    |
| Advertising and marketing                   |             | (13,763)    | (21,601)    |
| Consulting fees                             |             | (397,288)   | (446,832)   |
| Corporate advisory                          |             | -           | (25,500)    |
| Directors expense                           |             | (85,000)    | (98,214)    |
| Employee benefits expense                   |             | (208,028)   | (263,422)   |
| Corporate and regulatory fees               |             | (11,278)    | (22,153)    |
| Impairment of financial assets              | 8           | (1,437,647) | -           |
| Impairment of capitalized expenditure       |             | (55,518)    | (230,702)   |
| Legal costs                                 |             | (102,298)   | (171,501)   |
| Rent                                        |             | (28,200)    | (17,469)    |
| Share based payment expense                 |             | (390,505)   | -           |
| Travel & accommodation                      |             | (46,791)    | (115,435)   |
| Finance costs                               |             | -           | (101,764)   |
| Foreign exchange gain/(loss)                |             | 51,326      | (189,415)   |
| Other expenses                              |             | (1,177,886) | (644,291)   |
| (Loss) before income tax                    |             | (3,679,893) | (1,919,686) |
| Income tax expense                          | 5           | -           | -           |
| (Loss) after income tax                     |             | (3,679,893) | (1,919,686) |
| Profit from sale of discontinued operations |             | -           | -           |
| Profit/(Loss) for the year                  |             | (3,679,893) | (1,919,686) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

|                                                                                                                                | Note | 2018<br>\$         | 2017<br>\$         |
|--------------------------------------------------------------------------------------------------------------------------------|------|--------------------|--------------------|
| <b>Other comprehensive income</b>                                                                                              |      |                    |                    |
| <i>Items that have been reclassified to the profit or loss</i>                                                                 |      |                    |                    |
| Exchange differences on disposal of controlled entities                                                                        |      | -                  | -                  |
| <i>Items that may be reclassified to the profit or loss</i>                                                                    |      |                    |                    |
| Exchange difference on translation of foreign operations                                                                       |      | -                  | -                  |
| <b>Other comprehensive income/(loss) for the year net of tax</b>                                                               |      | -                  | -                  |
| <b>Total comprehensive income/(loss) for the year attributable to the owners of Auroch Minerals Limited</b>                    |      | <b>(3,679,893)</b> | <b>(1,919,686)</b> |
|                                                                                                                                |      |                    |                    |
| Basic loss per share (cents per share) from continuing operations attributable to the ordinary equity holders of the company   | 6    | (4.14)             | (2.36)             |
| Diluted loss per share (cents per share) from continuing operations attributable to the ordinary equity holders of the company | 6    | (4.14)             | (2.36)             |
|                                                                                                                                |      |                    |                    |
| Basic profit/(loss) per share (cents per share) attributable to the ordinary equity holders of the company                     | 6    | (4.14)             | (2.36)             |
| Diluted profit/(loss) per share (cents per share) attributable to the ordinary equity holders of the company                   | 6    | (4.14)             | (2.36)             |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

AS AT 30 JUNE 2018

|                                                | Note | 2018<br>\$       | 2017<br>\$       |
|------------------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                                  |      |                  |                  |
| <b>Current Assets</b>                          |      |                  |                  |
| Cash and cash equivalents                      | 7    | 4,530,142        | 4,790,836        |
| Trade and other receivables                    | 8    | 45,981           | 2,983,196        |
| <b>Total Current Assets</b>                    |      | <b>4,576,123</b> | <b>7,774,032</b> |
| <b>Non-current Assets</b>                      |      |                  |                  |
| Property, plant and equipment                  | 9    | 15,278           | 20,442           |
| Mineral exploration and evaluation expenditure | 10   | 1,005,718        | 37,106           |
| <b>Total Non-current Assets</b>                |      | <b>1,020,996</b> | <b>57,548</b>    |
| <b>TOTAL ASSETS</b>                            |      | <b>5,597,119</b> | <b>7,831,580</b> |
| <b>LIABILITIES</b>                             |      |                  |                  |
| <b>Current Liabilities</b>                     |      |                  |                  |
| Trade and other payables                       | 11   | 152,187          | 111,342          |
| <b>Total Current Liabilities</b>               |      | <b>152,187</b>   | <b>111,342</b>   |
| <b>TOTAL LIABILITIES</b>                       |      | <b>152,187</b>   | <b>111,342</b>   |
| <b>NET ASSETS</b>                              |      | <b>5,444,931</b> | <b>7,720,238</b> |
| <b>EQUITY</b>                                  |      |                  |                  |
| Contributed equity                             | 12   | 11,656,620       | 10,467,539       |
| Reserves                                       | 13   | 639,969          | 424,464          |
| Accumulated losses                             | 14   | (6,851,658)      | (3,171,765)      |
| <b>TOTAL EQUITY</b>                            |      | <b>5,444,931</b> | <b>7,720,238</b> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

|                                                              | Contributed Equity | Accumulated Losses | Option Reserve | Share Based Payments Reserve | Total Equity     |
|--------------------------------------------------------------|--------------------|--------------------|----------------|------------------------------|------------------|
|                                                              | \$                 | \$                 | \$             | \$                           | \$               |
| <b>Balance at 1 July 2017</b>                                | <b>10,467,539</b>  | <b>(3,171,765)</b> | <b>230,117</b> | <b>194,347</b>               | <b>7,720,238</b> |
| Profit/Loss for year                                         | -                  | (3,679,893)        | -              | -                            | (3,679,893)      |
| Exchange difference on foreign operations                    | -                  | -                  | -              | -                            | -                |
| Total comprehensive loss for year                            | -                  | (3,679,893)        | -              | -                            | (3,679,893)      |
| <b>Transactions with owners in their capacity as owners:</b> |                    |                    |                |                              |                  |
| Issue of shares                                              | 1,189,081          | -                  | -              | -                            | 1,189,081        |
| Share based payment expense                                  | -                  | -                  | -              | 215,505                      | 215,505          |
| <b>Balance at 30 June 2018</b>                               | <b>11,656,620</b>  | <b>(6,851,658)</b> | <b>230,117</b> | <b>409,852</b>               | <b>5,444,931</b> |
| <b>Balance at 1 July 2016</b>                                | <b>9,518,702</b>   | <b>(1,252,079)</b> | <b>194,828</b> | <b>194,347</b>               | <b>8,655,798</b> |
| Profit/Loss for year                                         | -                  | (1,919,686)        | -              | -                            | (1,919,686)      |
| Exchange difference on foreign operations                    | -                  | -                  | -              | -                            | -                |
| Total comprehensive loss for year                            | -                  | (1,919,686)        | -              | -                            | (1,919,686)      |
| <b>Transactions with owners in their capacity as owners:</b> |                    |                    |                |                              |                  |
| Issue of shares                                              | 986,337            | -                  | -              | -                            | 986,337          |
| Issue of options                                             | -                  | -                  | 35,289         | -                            | 35,289           |
| Share capital raising costs                                  | (37,500)           | -                  | -              | -                            | (37,500)         |
| <b>Balance at 30 June 2017</b>                               | <b>10,467,539</b>  | <b>(3,171,765)</b> | <b>230,117</b> | <b>194,347</b>               | <b>7,720,238</b> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FOR THE YEAR ENDED 30 JUNE 2018

|                                                             | Note | 2018<br>\$         | 2017<br>\$         |
|-------------------------------------------------------------|------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |      |                    |                    |
| Payments to suppliers and employees                         |      | (2,102,286)        | (1,782,745)        |
| Interest received                                           |      | 21,491             | 44,988             |
| Interest paid                                               |      | (1)                | (1)                |
| <b>Net cash (outflow) from operating activities</b>         | 15   | <b>(2,080,796)</b> | <b>(1,737,758)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |      |                    |                    |
| Advance of funds                                            |      | -                  | (1,605,933)        |
| Repayment of borrowing                                      |      | 168,286            | -                  |
| Payment for purchase of plant, equipment and prospects      |      | -                  | (22,968)           |
| Payments for exploration expenditure                        |      | (106,439)          | (110,530)          |
| Proceeds from sale of prospects                             |      | 1,557,009          | 2,393,388          |
| <b>Net cash inflow from investing activities</b>            |      | <b>1,618,856</b>   | <b>653,957</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |      |                    |                    |
| Proceeds from issue of shares and options                   |      | 102,280            | 787,924            |
| <b>Net cash inflow from financing activities</b>            |      | <b>102,280</b>     | <b>750,424</b>     |
| Net increase/(decrease) in cash and cash equivalents        |      | (359,660)          | (333,377)          |
| Foreign exchange movement on cash and cash equivalents      |      | 98,966             | (99,405)           |
| Cash and cash equivalents at the beginning of the year      |      | 4,790,836          | 5,223,618          |
| <b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b> | 7    | <b>4,530,142</b>   | <b>4,790,836</b>   |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

**(a) Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing these financial statements.

*Compliance with IFRS*

The financial statements of the company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

*Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

*Early adoption of new standards*

The Group has elected not to early adopt any new standards issued not yet effective. Refer to note 1 (t) for an assessment of the impact of these standards to the Group.

**(b) Principles of Consolidation***Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Auroch Minerals Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended. Auroch Minerals Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*Joint arrangements*

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

*Joint operations*

The group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

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**FOR THE YEAR ENDED 30 JUNE 2018**

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***Joint ventures***

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

**(c) Impairment of Assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(d) Share Based Payment Transactions**

Under AASB 2 Share Based Payments, the Group must recognise the fair value of shares and options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. No revision to original estimates is made in respect of options issued with market based conditions.

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using an appropriate option pricing model. In relation to the valuation of the share-based payments, these are valued using an appropriate option valuation method. Once a valuation is obtained management use an assessment as to the probability of meeting non-market based conditions. Market conditions are vested over the period in which management assess it will take for these conditions to be satisfied.

**(e) Segment Reporting**

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Group as the Managing Director and other members of the Board of directors.

**(f) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximately their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**(g) Income Tax and Other Taxes**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities. Adjustments to current income tax are made to take into account any change in tax rates between the Company and its subsidiaries.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## FOR THE YEAR ENDED 30 JUNE 2018

Auroch Minerals Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **(h) Exploration and Evaluation Expenditure**

The Group's policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is carried forward on the following basis:

- i. Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs; and
- ii. Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
  - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
  - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

### **(i) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

### **(j) Investments and other financial assets**

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

#### ***(i) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivable are included in trade and other receivables in the statement of financial position.

#### ***Recognition and de-recognition***

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### ***Subsequent measurement***

Loans and receivables are carried at amortised cost using the effective interest method.

#### ***Impairment***

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired.

**(k) Earnings Per Share**

**(i) Basic Earnings Per Share**

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Company after income tax by the weighted average number of ordinary shares outstanding during the financial year.

**(ii) Diluted Earnings Per Share**

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.

**(l) Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest income is recognised as it accrues using the effective interest method.

**(m) Trade and Other Receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

**(n) Trade and Other Payables**

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

**(o) Borrowings Cost**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

**(p) Goods and Service Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Statement of financial position. The amount of GST payable to the taxation authority is included as part of the payables in the Statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

## FOR THE YEAR ENDED 30 JUNE 2018

### **(q) Contributed Equity**

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### **(r) Foreign currency translation**

#### *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

#### **Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position.
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### **Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise. No dividends were paid or proposed during the year.

### **(s) Parent entity information**

The financial information for the parent entity, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below.

### **(i) Investments in subsidiaries, associates and joint venture entities**

Investments in subsidiaries are accounted for at cost in the financial statements. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

### **(t) Standards and Interpretations in issue not yet adopted**

At the date of authorisation of the financial report, a number of Standards and Interpretations including those Standards and Interpretations issued by the IASB/IFRIC, where an Australian equivalent has not been made by the AASB, were in issue but not yet effective for which the Entity has considered it unlikely for there to be a material impact on the financial statements.

## FOR THE YEAR ENDED 30 JUNE 2018

| AASB reference                                          | Title and Affected Standard(s): | Nature of Change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Application date:                                                          | Impact on Initial Application                                                                                                                      |
|---------------------------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 9 (issued December 2009 and amended December 2010) | Financial Instruments           | <p>Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:</p> <ul style="list-style-type: none"> <li>• Amortised cost</li> <li>• Fair value through profit or loss</li> <li>• Fair value through other comprehensive income.</li> </ul> <p>The following requirements have generally been carried forward unchanged from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> into AASB 9:</p> <ul style="list-style-type: none"> <li>• Classification and measurement of financial liabilities; and</li> <li>• Derecognition requirements for financial assets and liabilities.</li> </ul> <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p> | Annual reporting periods beginning on or after 1 January 2017 <sup>5</sup> | <p>Adoption of AASB 9 is only mandatory for the year ending 30 June 2018.</p> <p>The entity does not currently have any financial instruments.</p> |

<sup>5</sup> The application date of AASB 9 has been deferred from annual periods beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017 by AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments*.

**FOR THE YEAR ENDED 30 JUNE 2018**

| <b>AASB reference</b>                         | <b>Title and Affected Standard(s):</b> | <b>Nature of Change</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Application date:</b>                                      | <b>Impact on Initial Application</b>                                                                                             |
|-----------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| AASB 15 Revenue from Contracts with Customers | Revenue                                | The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. | Annual reporting periods beginning on or after 1 January 2017 | The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is not expected to be material. |

## FOR THE YEAR ENDED 30 JUNE 2018

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |  |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
|  |  | <p>For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.</p> |  |  |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|

**FOR THE YEAR ENDED 30 JUNE 2018**

|         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                         |                                                                              |
|---------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------|
| AASB 16 | Leases | This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2019. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. | Effective for periods beginning on or after 1 July 2019 | The entity has not yet made an assessment of the impact of these amendments. |
|---------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------|

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In preparing these Financial Statements the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

**(a) Significant accounting judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

**Capitalisation of exploration and evaluation expenditure**

The Group has capitalised exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. Refer to note 10 for further details.

**Receivables**

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated

## FOR THE YEAR ENDED 30 JUNE 2018

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised as impairment in the statement of profit or loss and other comprehensive income.

**(b) Significant accounting estimates and assumptions**

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

**Impairment of capitalised exploration and evaluation expenditure**

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

**Share-based payment transactions**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change. Details of estimates used can be found in Note 20.

**Asset Acquisition**

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset. Assets acquired during the period were exploration expenditure.

**3. REVENUE**

|                                       | <b>2018</b>    | <b>2017</b>    |
|---------------------------------------|----------------|----------------|
|                                       | <b>\$</b>      | <b>\$</b>      |
| <b>From continuing operations</b>     |                |                |
| Gain on disposal of non current asset | 4,926          | 254,970        |
| Gain on settlement of liability       | 183,017        | -              |
| Interest received                     | 115,189        | 242,275        |
| Total                                 | <u>303,132</u> | <u>497,245</u> |

**FOR THE YEAR ENDED 30 JUNE 2018**

| <b>4. EXPENSES</b>                                    | <b>2018</b> | <b>2017</b> |
|-------------------------------------------------------|-------------|-------------|
|                                                       | <b>\$</b>   | <b>\$</b>   |
| Profit/Loss includes the following specific expenses: |             |             |
| Consultants and advisory fees                         | 397,288     | 446,832     |
| Advertising and marketing                             | 13,763      | 21,601      |
| Share registry costs                                  | 12,991      | 12,773      |
| Depreciation                                          | 5,164       | 2,527       |

| <b>5. TAXATION</b>                      | <b>2018</b> | <b>2017</b> |
|-----------------------------------------|-------------|-------------|
|                                         | <b>\$</b>   | <b>\$</b>   |
| The components of tax expense comprise: |             |             |
| Current tax                             | -           | -           |
| Deferred tax                            | -           | -           |
|                                         | -           | -           |

The prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

|                                                                                                   |             |             |
|---------------------------------------------------------------------------------------------------|-------------|-------------|
| Profit/(Loss) before income tax                                                                   | (3,679,893) | (1,919,686) |
| Profit/(Loss) before income tax from discontinued operations                                      |             | -           |
| Prima facie tax benefit on loss from continuing activities before income tax at 27.5% (2017: 30%) | (1,011,971) | (527,914)   |

Add/(subtract) tax effect of:

|                                                           |         |         |
|-----------------------------------------------------------|---------|---------|
| Expenditure not deductible                                | 680,559 | 402,400 |
| Other                                                     |         |         |
| Deferred tax assets relating to tax losses not recognised | 331,412 | 125,514 |
| Total income tax expense                                  | -       | -       |

The franking account balance at year end was \$nil.

Deferred tax assets and liabilities not recognised relate to the following:

|                             |           |           |
|-----------------------------|-----------|-----------|
| Deferred tax assets         |           |           |
| Tax losses                  | 1,916,580 | 1,411,878 |
| Other temporary differences | (2,765)   | -         |
| Capital loss                | -         | 54,564    |
| Exploration expenditure     | -         | -         |
| Net deferred tax assets     | 1,913,815 | 1,466,442 |

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**6. PROFIT/LOSS PER SHARE**

|                                                                                                        | <b>2018</b> | <b>2017</b> |
|--------------------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                                        | <b>\$</b>   | <b>\$</b>   |
| <b>(a) Profit/(loss) per share</b>                                                                     |             |             |
| Profit/(loss) attributable to the ordinary equity holders of the Group                                 | (3,679,893) | (1,919,686) |
| <b>(b) Reconciliations of profit/loss used in calculated loss per share</b>                            |             |             |
| Basic and diluted profit/loss per share                                                                | (4.14)      | (2.36)      |
| Diluted profit/loss per share                                                                          | (4.14)      | (2.36)      |
| <b>(c) Weighted average number of shares used as a denominator</b>                                     |             |             |
| Weighted average number of ordinary shares used as the denominator in calculating basic loss per share | 88,815,357  | 81,259,014  |

**7. CASH AND CASH EQUIVALENTS**

|                  | <b>2018</b>      | <b>2017</b>      |
|------------------|------------------|------------------|
|                  | <b>\$</b>        | <b>\$</b>        |
| Deposits at call | 1,025,121        | 1,085,332        |
| Cash at bank     | 3,505,021        | 3,705,504        |
|                  | <u>4,530,142</u> | <u>4,790,836</u> |

The Group's exposure to interest rate risk is discussed in Note 17.

**Financial Guarantees**

The Group has provided no financial guarantees.

**8. TRADE AND OTHER RECEIVABLES**

|                                                        | <b>2018</b>   | <b>2017</b>      |
|--------------------------------------------------------|---------------|------------------|
|                                                        | <b>\$</b>     | <b>\$</b>        |
| Deferred consideration on sale of Manica asset         | -             | 1,327,366        |
| Prepayments                                            | 1,135         | 1,057            |
| Advance of Funds to Bolt Resources Pty Ltd             | 1,437,647     | 1,605,933        |
| Impairment of funds advanced to Bolt Resources Pty Ltd | (1,437,647)   | -                |
| Other receivables                                      | 44,847        | 48,840           |
|                                                        | <u>45,981</u> | <u>2,983,196</u> |

**Ageing of receivables past due or impaired**

The Group's exposure to credit risk is discussed in Note 17.

Bolt Resources Pty Ltd is the holder of the Alcoutim license in Portugal. During the period, Company advised during the year that due to a condition precedent of the Binding Agreement (Agreement) not being fulfilled, it terminated the Agreement with its joint venture partners over the Alcoutim Project in south-east Portugal.

Auroch is entitled to the remaining cash at bank plus cash realised through the sale of other assets (after payment of certain windup costs) of the joint venture company Bolt Resources Pty Ltd ("Bolt"). The Company has received these funds. As consideration for the shortfall in the repayment of the loan, Bolt shall grant Auroch a royalty of 1% of the net smelter return of any minerals mined under the license until such time as the aggregate of the royalty actually paid to Auroch is equivalent to €1,000,000.

## FOR THE YEAR ENDED 30 JUNE 2018

Due to not being able to determine the timing and the amount of future cash flows from the royalty, the Board of Auroch has taken a conservative approach to the carrying value of the loan to Bolt Resources and has impaired the full amount.

### 9. PROPERTY PLANT AND EQUIPMENT

|                                                   | 2018    | 2017    |
|---------------------------------------------------|---------|---------|
|                                                   | \$      | \$      |
| Office Equipment                                  | 1,320   | 1,320   |
| Less Accumulated Depreciation on Office Equipment | (494)   | (163)   |
| Vehicles                                          | 21,648  | 21,648  |
| Less Accumulated Depreciation on Vehicles         | (7,197) | (2,363) |
| Balance at the end of the year                    | 15,278  | 20,442  |

### 10. EXPLORATION AND EVALUATION EXPENDITURE

|                                     | 2018      | 2017      |
|-------------------------------------|-----------|-----------|
|                                     | \$        | \$        |
| Balance at beginning of the year    | 37,106    | 171,507   |
| Exploration expenditure incurred    | 1,024,130 | 96,301    |
| Exploration expenditure written off | (55,518)  | (230,702) |
| Balance at the end of the year      | 1,005,718 | 37,106    |

The balance carried forward represents projects in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

### 11. TRADE AND OTHER PAYABLES

|                | 2018    | 2017    |
|----------------|---------|---------|
|                | \$      | \$      |
| Trade payables | 117,687 | 87,342  |
| Accruals       | 34,500  | 24,000  |
|                | 152,187 | 111,342 |

All current liabilities are expected to be settled within 12 months as they are generally due on 30-60 day terms. The Group's exposure to credit risk is discussed in Note 17.

### 12. CONTRIBUTED EQUITY

#### (a) Share Capital

|                      | 2018       | 2017       | 2018       | 2017       |
|----------------------|------------|------------|------------|------------|
|                      | Shares     | Shares     | \$         | \$         |
| Fully paid           | 98,753,540 | 85,817,551 | 11,656,620 | 10,505,039 |
| Equity raising costs | -          | -          | -          | (37,500)   |
|                      | 98,753,540 | 85,817,551 | 11,656,620 | 10,467,539 |

## FOR THE YEAR ENDED 30 JUNE 2018

**12. CONTRIBUTED EQUITY (continued)****(b) Movements in ordinary shares (including equity raising costs)****2018**

| <b>Date</b> | <b>Details</b>                                                                          | <b>Number of<br/>shares</b> | <b>Issue price</b> | <b>2018<br/>\$</b> |
|-------------|-----------------------------------------------------------------------------------------|-----------------------------|--------------------|--------------------|
| 01/07/17    | Balance at 01 July                                                                      | 85,817,552                  |                    | 10,467,539         |
| 17/10/17    | Exercise of options                                                                     | 129,286                     | \$0.08             | 10,343             |
| 24/10/17    | Exercise of options                                                                     | 1,149,220                   | \$0.08             | 91,938             |
| 06/04/18    | Issue of shares for acquisition of Arden Project and Bonaventura Project                | 8,300,000                   | \$0.09             | 763,600            |
| 06/04/18    | Issue of shares to advisors of the acquisition of Arden Project and Bonaventura Project | 1,500,000                   | \$0.09             | 138,000            |
| 06/04/18    | Issue of shares in lieu of consultants' fees                                            | 51,000                      | \$0.10             | 5,100              |
| 18/05/18    | Issue of shares in lieu of consultants' fees                                            | 56,483                      | \$0.09             | 5,100              |
| 18/06/18    | Conversion of Performance Rights                                                        | 1,750,000                   | \$0.10             | 175,000            |
| 30/06/18    | Balance at 30 June                                                                      | 98,753,540                  |                    | 11,656,020         |

**2017**

| <b>Date</b> | <b>Details</b>                                                   | <b>Number of<br/>shares</b> | <b>Issue price</b> | <b>2017<br/>\$</b> |
|-------------|------------------------------------------------------------------|-----------------------------|--------------------|--------------------|
| 01/07/16    | Balance at 01 July                                               | 76,810,865                  |                    | 9,518,702          |
| 16/12/16    | Issue of Placement Shares                                        | 7,500,000                   | \$0.10             | 750,000            |
| 16/12/16    | Issue of shares in settlement of DD Services provided to company | 675,000                     | \$0.15             | 101,250            |
| 20/12/16    | Equity raising costs                                             |                             |                    | (37,500)           |
| 30/01/17    | Issue of shares in lieu of consultants' fees                     | 233,334                     | \$0.15             | 35,000             |
| 17/02/17    | Exercise of options                                              | 287,305                     | \$0.08             | 22,985             |
| 24/03/17    | Exercise of options                                              | 186,749                     | \$0.08             | 14,940             |
| 10/05/17    | Shares issued in lieu of consultant fees                         | 124,299                     | \$0.50             | 62,162             |
| 30/06/17    | Balance at 30 June                                               | 85,817,552                  |                    | 10,467,539         |

**(d) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**(e) Capital risk management**

The Group's objective when managing working capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

## FOR THE YEAR ENDED 30 JUNE 2018

### 12. CONTRIBUTED EQUITY (continued)

In order to maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt. The Group defines capital as cash and cash equivalents plus equity.

The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios, as the Group has not derived any income from their mineral exploration and currently has no debt facilities in place.

### 13. RESERVES

#### (a) Reserves

|                              | 2018<br>\$     | 2017<br>\$     |
|------------------------------|----------------|----------------|
| Share-based payments reserve | 409,852        | 194,347        |
| Options reserve              | 230,117        | 230,117        |
|                              | <u>639,969</u> | <u>424,464</u> |

|                                     | 2018<br>\$     | 2017<br>\$     |
|-------------------------------------|----------------|----------------|
| <b>Share-based payments reserve</b> |                |                |
| Balance 1 July                      | 194,347        | 194,347        |
| Share based payments                | 215,505        | -              |
| Balance 30 June                     | <u>409,852</u> | <u>194,347</u> |

|                       | 2018<br>\$     | 2017<br>\$     |
|-----------------------|----------------|----------------|
| <b>Option reserve</b> |                |                |
| Balance 1 July        | 230,117        | 194,828        |
| Options issued        | -              | 35,289         |
| Balance 30 June       | <u>230,117</u> | <u>230,117</u> |

#### Nature and purpose of reserves

##### (i) Share-based payments reserve

The share based payments reserve is used to recognise:

- The fair value of options issued to employees and consultants but not exercised
- The fair value of shares issues to employees

##### (ii) Option reserve

The Share Option Reserve contains amounts received on the issue of options over unissued capital of the company.

### 14. ACCUMULATED LOSSES

|                                                      | 2018<br>\$         | 2017<br>\$         |
|------------------------------------------------------|--------------------|--------------------|
| Accumulated losses at the beginning of the period    | (3,171,765)        | (1,252,079)        |
| Net profit/loss attributable to members of the Group | (3,679,893)        | (1,919,686)        |
| Accumulated losses at the end of the financial year  | <u>(6,851,658)</u> | <u>(3,171,765)</u> |

## FOR THE YEAR ENDED 30 JUNE 2018

**15. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

|                                                            | <b>2018</b>        | <b>2017</b>        |
|------------------------------------------------------------|--------------------|--------------------|
|                                                            | <b>\$</b>          | <b>\$</b>          |
| Profit/Loss for the year                                   | (3,679,893)        | (1,919,686)        |
| Gain on disposal of non-current asset                      | (4,926)            |                    |
| Gain on settlement                                         | (183,017)          | (452,257)          |
| Depreciation and amortisation                              | 5,164              | 2,527              |
| Non-cash employee benefits expense – share-based payments  | 390,505            | 248,498            |
| Impairment of capitalised expenditure                      | 55,518             | 230,702            |
| Impairment of financial assets                             | 1,437,647          | -                  |
| Foreign exchange loss                                      | (51,326)           | 189,415            |
| (Increase)/decrease in trade debtors and other receivables | 3,917              | (16,209)           |
| Increase/(decrease) in trade creditors and other payables  | (54,383)           | (20,748)           |
| Net cash outflow from operating activities                 | <u>(2,080,796)</u> | <u>(1,737,758)</u> |

**16. REMUNERATION OF AUDITORS**

|                                                                                              | <b>2018</b>   | <b>2017</b>   |
|----------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                              | <b>\$</b>     | <b>\$</b>     |
| Amounts received or due and receivable by the auditors for:                                  |               |               |
| Audit services:                                                                              |               |               |
| BDO Audit (WA) Pty Ltd Audit and review of financial reports under the Corporations Act 2001 | 39,403        | 33,883        |
| Non-audit services                                                                           | 9,148         | 24,847        |
|                                                                                              | <u>48,551</u> | <u>58,730</u> |

**17. FINANCIAL RISK MANAGEMENT****Overview**

The Group has exposure to the following risks from their use of financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and for the Group arises principally from cash and cash equivalents and receivables.

All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

**Exposure to credit risk**

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

**FOR THE YEAR ENDED 30 JUNE 2018**

**17. FINANCIAL RISK MANAGEMENT (continued)**

|                           | <b>2018</b>      | <b>2017</b>      |
|---------------------------|------------------|------------------|
|                           | <b>\$</b>        | <b>\$</b>        |
| Cash and cash equivalents | 4,530,142        | 4,790,836        |
| Receivables               | 45,981           | 2,983,196        |
|                           | <u>4,576,122</u> | <u>7,774,033</u> |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:

|                                  | <b>2018</b>      | <b>2017</b>      |
|----------------------------------|------------------|------------------|
|                                  | <b>\$</b>        | <b>\$</b>        |
| <b>Cash and cash equivalents</b> |                  |                  |
| AA S&P rating                    | 4,530,142        | 4,790,836        |
|                                  | <u>4,530,142</u> | <u>4,790,836</u> |

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Group anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

*Maturities of financial liabilities*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

## FOR THE YEAR ENDED 30 JUNE 2018

## 17. FINANCIAL RISK MANAGEMENT (continued)

|                           | Less than<br>6 months<br>\$ | 6-12<br>months<br>\$ | 1-2 years<br>\$ | 2-5<br>years<br>\$ | Over 5<br>years<br>\$ | Total<br>contractual<br>cash flows<br>\$ | Carrying<br>amount<br>(assets)/<br>liabilities<br>\$ |
|---------------------------|-----------------------------|----------------------|-----------------|--------------------|-----------------------|------------------------------------------|------------------------------------------------------|
| <b>As at 30 June 2018</b> |                             |                      |                 |                    |                       |                                          |                                                      |
| Trade and other payables  | 152,187                     | -                    | -               | -                  | -                     | 152,187                                  | 152,187                                              |

|                           | Less than<br>6 months<br>\$ | 6-12<br>months<br>\$ | 1-2 years<br>\$ | 2-5<br>years<br>\$ | Over 5<br>years<br>\$ | Total<br>contractual<br>cash flows<br>\$ | Carrying<br>amount<br>(assets)/<br>liabilities<br>\$ |
|---------------------------|-----------------------------|----------------------|-----------------|--------------------|-----------------------|------------------------------------------|------------------------------------------------------|
| <b>As at 30 June 2017</b> |                             |                      |                 |                    |                       |                                          |                                                      |
| Trade and other payables  | 111,342                     | -                    | -               | -                  | -                     | 111,342                                  | 111,342                                              |

**(c) Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*(i) Currency risk*

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group did not have any formal policies in place regarding currency risk during the year as it was not considered significant. This will be monitored as appropriate going forward and introduced as necessary.

The groups exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

|                             | 2018<br>USD<br>\$ | 2017<br>USD<br>\$ |
|-----------------------------|-------------------|-------------------|
| Cash and cash equivalents   | 1,597,220         | 1,042,756         |
| Deferred consideration      | -                 | 1,000,000         |
| Trade and other receivables | -                 | -                 |
| Trade and other payables    | -                 | -                 |

*Sensitivity analysis*

|                           | 2018<br>Foreign exchange risk |          | 2017<br>Foreign exchange risk |          |
|---------------------------|-------------------------------|----------|-------------------------------|----------|
|                           | + 1%                          | - 1%     | + 1%                          | -1%      |
| Cash and cash equivalents | 15,972                        | (15,972) | 10,428                        | (10,428) |
|                           | 15,972                        | (15,972) | 10,428                        | (10,428) |

**FOR THE YEAR ENDED 30 JUNE 2018**

**17. FINANCIAL RISK MANAGEMENT (continued)**

*(ii) Cashflow and interest rate risk*

The Group's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the Group to cash flow interest rate risk. The Group does not consider this risk to be material and has therefore not undertaken any further analysis of risk exposure for 2018.

**(d) Fair values**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Fair value of financial instruments that are not traded in an active market (for example investments in unlisted subsidiaries) is determined using valuation techniques.

The carrying value less impairment of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The carrying amounts are estimated to approximate fair values of financial assets and financial liabilities as follows:

|                              | <b>2018</b>      | <b>2017</b>      |
|------------------------------|------------------|------------------|
|                              | <b>\$</b>        | <b>\$</b>        |
| <b>Financial Assets</b>      |                  |                  |
| Cash and cash equivalents    | 4,530,142        | 4,790,836        |
| Trade and other receivables  | 45,981           | 2,983,196        |
| Total Financial Assets       | <u>4,576,122</u> | <u>7,774,032</u> |
| <b>Financial Liabilities</b> |                  |                  |
| Trade and other payables     | 152,187          | 111,342          |
| Total Financial Liabilities  | <u>152,137</u>   | <u>111,342</u>   |

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

***Cash/financial liabilities and loans***

The carrying amount is fair value due to the liquid nature of these assets.

***Receivables/payables***

Due to the short term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to their short term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value.

Refer to note 18 for further details.

**18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

## FOR THE YEAR ENDED 30 JUNE 2018

*Fair value hierarchy*

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Due to their short term nature, the carrying values of all of the Group's financial assets and liabilities is assumed to be their fair value. That is, there are no financial assets or financial liabilities measured using the fair value hierarchy.

**19. SEGMENT INFORMATION**

Management has determined that the Group has two reportable segments, being mineral exploration in Namibia and South Australia, which is based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Segment information relating to the reportable segment being mineral exploration in Mozambique and South Australia is outlined below.

|                                                     | Namibia | South Australia | Total              |
|-----------------------------------------------------|---------|-----------------|--------------------|
|                                                     | \$      | \$              | \$                 |
| Revenue from external sources                       | -       | -               | -                  |
| Reportable segment profit / (loss)                  | -       | -               | -                  |
| Reportable segment assets                           | -       | 1,005,718       | 1,005,718          |
| Reportable segment liabilities                      | -       | -               | -                  |
| Reconciliation of reportable segment profit or loss |         |                 |                    |
| Reportable segment profit /(loss)                   | -       | -               | -                  |
| Other income                                        | -       | -               | -                  |
| Unallocated:                                        |         |                 |                    |
| Other income                                        |         |                 | 303,132            |
| Depreciation expense                                | -       | -               | (5,164)            |
| Director benefits                                   | -       | -               | (85,000)           |
| Employee benefits                                   | -       | -               | (208,028)          |
| Other expenses                                      | -       | -               | (3,684,834)        |
| Profit before tax                                   |         |                 | <u>(3,679,893)</u> |

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**19. SEGMENT INFORMATION (continued)**

|                                                     | <b>Namibia</b> | <b>Western Australia</b> | <b>Total</b> |
|-----------------------------------------------------|----------------|--------------------------|--------------|
| <b>2017</b>                                         |                |                          |              |
|                                                     | <b>\$</b>      | <b>\$</b>                | <b>\$</b>    |
| Revenue from external sources                       | -              | -                        | -            |
| Reportable segment profit / (loss)                  | -              | -                        | -            |
| Reportable segment assets                           | 37,106         | -                        | 37,106       |
| Reportable segment liabilities                      |                |                          |              |
| Reconciliation of reportable segment profit or loss |                |                          |              |
| Reportable segment profit /(loss)                   | -              | -                        | -            |
| Other income                                        | -              | -                        | -            |
| Unallocated:                                        |                |                          |              |
| Other income                                        | -              | -                        | 497,245      |
| Depreciation expense                                | -              | -                        | (2,527)      |
| Director benefits                                   | -              | -                        | (98,214)     |
| Share buy-back                                      | -              | -                        | -            |
| Employee benefits                                   | -              | -                        | (263,422)    |
| Other expenses                                      | -              | -                        | (2,052,769)  |
| Profit before tax                                   | -              | -                        | (1,919,687)  |

**Other Segment Information**

|                                                                | <b>2018</b>      | <b>2017</b>      |
|----------------------------------------------------------------|------------------|------------------|
|                                                                | <b>\$</b>        | <b>\$</b>        |
| Total segment revenue                                          | 187,943          | 254,970          |
| Interest revenue                                               | 115,189          | 242,275          |
| <b>Total revenue from continuing operations</b>                | <b>303,132</b>   | <b>497,245</b>   |
| <b>Segment assets</b>                                          | <b>1,005,718</b> | <b>37,106</b>    |
| Unallocated:                                                   |                  |                  |
| Cash and cash equivalents                                      | 4,530,142        | 4,790,836        |
| Trade and other receivables                                    | 45,981           | 1,377,263        |
| Property Plant & Equipment                                     | 15,278           | 20,442           |
| Mineral exploration and evaluation                             | -                | -                |
| Loan Receivable                                                | -                | 1,605,933        |
| <b>Total assets as per the statement of financial position</b> | <b>5,597,118</b> | <b>7,831,580</b> |

**Segment liabilities are reconciled to total liabilities as follows:**
**Segment Liabilities**

|                                                                     |                |                |
|---------------------------------------------------------------------|----------------|----------------|
| Unallocated:                                                        |                |                |
| Trade and other payables                                            | 152,187        | 111,342        |
| Borrowings                                                          | -              | -              |
| <b>Total liabilities as per the statement of financial position</b> | <b>152,187</b> | <b>111,342</b> |

## FOR THE YEAR ENDED 30 JUNE 2018

**20. SHARE BASED PAYMENT TRANSACTIONS****Share Based Payments****Options**

There have been no options issued to current directors and executives as part of their remuneration.

The unlisted option reserve records items recognised on valuation of director, employee and contractor share options as well as share options issued during the course of a business combination. Information relating to the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 12.

**Employee Share Plan**

The Auroch Minerals Limited Employee Share Plan is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions.

Numbers of Employee Shares were issued this year is nil (2017: nil).

**Performance Rights Plan**

The Auroch Minerals Limited Performance Rights Plan is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Each performance right converts into one ordinary share of Auroch Minerals Limited on vesting. No amounts are paid or are payable by the recipient on receipt of the performance right. The performance rights carry neither rights of dividends nor voting rights. The performance rights will vest as follows: 25% will vest immediately on the date of grant 25% will vest every six months thereafter, provided that on the relevant vesting date the holder remains employed by, or contracted to provide services to, the Company.

The following table illustrates the number of, and movements in, performance rights issued during the period:

|                                            | <b>30 June 2018</b> | <b>30 June 2018</b> | <b>30 June 2017</b> | <b>30 June 2017</b> |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                            | <b>Number</b>       | <b>\$</b>           | <b>Number</b>       | <b>\$</b>           |
| Balance at beginning of the financial year | -                   | -                   | -                   | -                   |
| Granted during the period                  | 8,000,000           | 800,000             | -                   | -                   |
| Cancelled during the period                | -                   | -                   | -                   | -                   |
| Expired during the period                  | -                   | -                   | -                   | -                   |
| Converted during the period                | (1,750,000)         | (175,000)           | -                   | -                   |
| Outstanding at the end of the period       | 6,250,000           | 625,000             | -                   | -                   |

**FOR THE YEAR ENDED 30 JUNE 2018**

**20. SHARE BASED PAYMENT TRANSACTIONS (continued)**

**Performance Shares**

Auroch Minerals Limited issued performance shares to the vendors and advisors of the Arden Project and Bonaventura Project.

The following table illustrates the number of, and movements in, performance shares issued during the period:

|                                            | <b>30 June 2018</b> | <b>30 June 2017</b> |
|--------------------------------------------|---------------------|---------------------|
|                                            | <b>Number</b>       | <b>Number</b>       |
| Balance at beginning of the financial year | -                   | -                   |
| Granted during the period – Class A        | 6,400,000           | -                   |
| Granted during the period – Class B        | 2,300,000           | -                   |
| Granted during the period – Class C        | 2,300,000           | -                   |
| Granted during the period – Class D        | 1,000,000           | -                   |
| Cancelled during the period                | -                   | -                   |
| Expired during the period                  | -                   | -                   |
| Converted during the period                | -                   | -                   |
| Outstanding at the end of the period       | 12,000,000          | -                   |

Each performance share converts into one ordinary share of Auroch Minerals Limited on vesting. No amounts are paid or are payable by the recipient on receipt of the performance share. The performance shares carry neither rights of dividends nor voting rights. The Performance Shares will convert into Shares on a one for one basis on the satisfaction of the following performance milestones.

| <b>Class</b> | <b>Performance Milestone</b>                                                                                                                                                 |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Class A      | Publication of a JORC 2010 Indicated Resource for the Arden Zinc Project of at least 3Mt @ greater than 10% ZnEq with a cutoff grade of at least 3% ZnEq.                    |
| Class B      | Publication of a JORC 2012 Indicted Resource for the Bonaventura Zinc Project of at least 2Mt @ greater than 10% ZnEq, with a cutoff grade of at least 5% ZnEq.              |
| Class C      | Publication of a JORC 2012 Indicated Resource for the Bonaventura Zinc Project of at least 5Mt @ greater than 10% ZnEq, with a cutoff grade of at least 5% ZnEq.             |
| Class D      | Class D Performance Shares will convert into Shares on a one for one basis on the satisfaction of any one of the Class A, Class B or Class C milestones shares are achieved. |

The fair value of the performance shares is illustrated in the following table.

|                                                       | <b>Class A</b> | <b>Class B</b> | <b>Class C</b> | <b>Class D</b> |
|-------------------------------------------------------|----------------|----------------|----------------|----------------|
| Valuation per Performance Share (\$)                  | 0.105          | 0.105          | 0.105          | 0.105          |
| Management's assessment of the probability of vesting | 5%             | 5%             | 5%             | 5%             |
| Number of Performance Shares                          | 6,400,000      | 2,300,000      | 2,300,000      | 1,000,000      |

As the probability of any of the performance milestone conditions being met is only 5%, a value of nil to the Performance

## FOR THE YEAR ENDED 30 JUNE 2018

**20. SHARE BASED PAYMENT TRANSACTIONS (continued)**

shares have been ascribed for the inclusion at 30 June 2018. Refer to acquisition of asset note 26.

|                                                                                | Expensed to the<br>Profit or Loss | Recognised<br>in<br>Capitalised<br>Expenditure |
|--------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------|
| Expenses arising from Share based Payments                                     |                                   |                                                |
| Performance rights issued under performance rights plan                        | 390,504                           | -                                              |
| Performance shares issued to vendors of Arden Project and Bonaventura Project  | -                                 | -                                              |
| Performance shares issued to advisors of Arden Project and Bonaventura Project | -                                 | -                                              |
| Ordinary shares issued to vendors of Arden Project and Bonaventura Project     | -                                 | 763,600                                        |
| Ordinary shares issued to vendors of Arden Project and Bonaventura Project     | -                                 | 138,000                                        |
|                                                                                | 390,504                           | 901,600                                        |

**Ordinary Shares**

8,300,000 fully paid ordinary shares were also issued to the vendors of the Arden Project and Bonaventura Project and 1,500,000 fully paid ordinary shares were also issued to the advisors Arden Project and Bonaventura Project.

**21. DIVIDENDS**

There were no dividends paid or declared by the Group during the year (2017: Nil).

**22. EVENTS OCCURRING AFTER REPORTING DATE**

On 13 July 2017 the company announced the results of the non-renounceable, pro rata offer of New Options announced by the Company on 20 June 2018 (Entitlement Offer) which closed on 10 July 2018.

The Company received acceptances from eligible shareholders for 11,646,717 New Options, each exercisable at \$0.10 on or before 30 November 2021, under the Entitlement Offer raising total funds of \$232,934 before costs. The Entitlement Offer was fully underwritten by Clarion Finance Pte Ltd (Underwriter) leaving a shortfall of 21,270,881 New Options to be subscribed for or placed by the Underwriter.

Below is a table outlining the acceptances and shortfall under the Entitlement Offer:

|                                                                                      | Number of New Options |
|--------------------------------------------------------------------------------------|-----------------------|
| Maximum number of New Options offered under the Entitlement Offer                    | 32,917,598            |
| New Options validly applied for by eligible shareholders under the Entitlement Offer | 11,646,717            |
| Shortfall New Options to be subscribed for or placed by the Underwriter              | 21,270,881            |

The 11,646,717 New Options under the Entitlement Offer were issued on 17 July 2018, in accordance with the Entitlement Offer timetable, and the shortfall New Options will be issued within 3 months of the closing date of the Entitlement Offer.

On 30 August 2018, the Company announced it increased its tenement package in South Australia with 2 new Exploration Licence Applications (ELAs), one at the Arden Project and one at the Bonaventura Project.

At the Arden Project, located near Port Augusta approximately 315km north of Adelaide, exploration licence EL 6217 was granted. It comprises 954km<sup>2</sup> and is dominated by Cambrian-aged lithological units considered highly-prospective for SEDEX (Sedimentary Exhalative) base-metals mineralisation. The area is contiguous with the existing Arden tenement EL 5821 and brings the total area of the Arden Project to 1,664km<sup>2</sup>

## FOR THE YEAR ENDED 30 JUNE 2018

### 22. EVENTS OCCURRING AFTER REPORTING DATE (continued)

At the Bonaventura Project on Kangaroo Island, the new Exploration Licence Application (ELA) areas are contiguous with the existing tenement EL 5973 and lie to both the east and the west of the existing tenement. The new areas consist of Cambrian-aged lithologies favourable for SEDEX base-metals mineralisation, and also cover the extensions of the Cygnet-Snelling Fault, a regional-scale fault that is the focus of many historic artisanal base-metals and gold mines. The application is for 181km<sup>2</sup> which would bring the total tenement package of the Bonaventura Project to 415km<sup>2</sup>.

### 23. CONTINGENCIES

#### Contingent Liabilities

The Group had no other material contingent assets or liabilities at 30 June 2018.

#### Commitments

The Group has the following material commitments at 30 June 2018.

#### Arden Project

The group has the following obligation in respect of non-cancellable exploration work program over the Arden project

- Later than one year but not more than five years: \$200,000

#### Bonaventura Project:

The group has the following obligation in respect of non-cancellable exploration work program over the Bonaventura project

- Later than one year but not more than five years: \$110,000

### 24. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

| Name of entity                                               | Country of Incorporation | Class of shares | Note | Equity holding 2018 | Equity holding 2017 |
|--------------------------------------------------------------|--------------------------|-----------------|------|---------------------|---------------------|
| Auroch Exploration Pty Ltd <sup>1</sup>                      | Australia                | Ordinary        |      | 100%                | 100%                |
| Auroch Europe Pty Ltd <sup>2</sup>                           | Australia                | Ordinary        |      | 100%                | 100%                |
| Auroch Exploration (UK) Ltd <sup>3</sup>                     | United Kingdom           | Ordinary        |      | 100%                | 100%                |
| Auroch Minerals (Namibia) (Pty) Limited <sup>4</sup>         | Namibia                  | Ordinary        |      | 100%                | 100%                |
| Auroch Exploration (Namibia) (Pty) Ltd <sup>5</sup>          | Namibia                  | Ordinary        |      | 95%                 | 95%                 |
| Auroch Namibia Exploration One (Pty) Ltd <sup>6</sup>        | Namibia                  | Ordinary        |      | 100%                | 100%                |
| Auroch Namibia Exploration Number Two (Pty) Ltd <sup>7</sup> | Namibia                  | Ordinary        |      | 100%                | 100%                |
| SA Cobalt Pty Ltd <sup>8</sup>                               | Australia                | Ordinary        |      | 100%                | -                   |
| Zinc Mining Pty Ltd <sup>9</sup>                             | Australia                | Ordinary        |      | 100%                | -                   |

<sup>1</sup> Holding company for Auroch Exploration (UK) Ltd

<sup>2</sup> Dormant subsidiary

## FOR THE YEAR ENDED 30 JUNE 2018

**24. SUBSIDIARIES (continued)**<sup>3</sup> Holding Company for Auroch Minerals (Namibia) (Pty) Limited<sup>4</sup> Holding Company for Auroch Exploration (Namibia) (Pty) Ltd, Auroch Namibia Exploration One (Pty) Ltd and Auroch Namibia Exploration Number Two (Pty) Ltd<sup>5</sup> Holder of EPL 6840, EPL 6841, EPL 6482, EPL 6483 and EPL 6484<sup>6</sup> Holder of EPL 5751<sup>7</sup> Dormant subsidiary<sup>8</sup> Holding company for Arden Project<sup>9</sup> Holding company for Bonaventura Project.**25. RELATED PARTY TRANSACTIONS****(a) Parent entities**

The parent entity within the Group is Auroch Minerals Limited. The ultimate parent entity and ultimate controlling party is Auroch Minerals Limited (incorporated in Australia) which at 30 June 2018 owns 100% of the issued ordinary shares of the above subsidiaries.

**(b) Subsidiaries**

Interests in subsidiaries are set out in note 24.

**(c) Key management personnel****(i) Key Management Personnel Compensation**

|                              | 2018           | 2017           |
|------------------------------|----------------|----------------|
|                              | \$             | \$             |
| Short-term employee benefits | 484,753        | 672,922        |
| Post-employment benefits     | 7,476          | -              |
| Share-based payments         | 390,504        | -              |
|                              | <u>882,733</u> | <u>672,922</u> |

**(ii) Other transactions with Key Management Personnel**

Adam Santa Maria is a director of Discovery Capital Partners Pty Ltd. During the period ended 30 June 2018 the Company was providing corporate advisory services to Auroch Minerals Limited. Discovery Capital Partners Pty Ltd also received a fee for introducing the Arden Project and Bonaventura. Payments to Discovery Capital Partners Pty Ltd during the relevant period total \$65,000, 1,500,000 fully paid ordinary shares and 1,000,000 performance shares (2017: nil). The amounts owed to Discovery Capital Partners Pty as at 30 June 2018 was nil (2017: \$nil).

Glenn Whiddon is a director and James Bahen is company secretary of Calima Energy Limited. During the period ended 30 June 2018 the Company sub-leased office space to Auroch Minerals Limited. Payments to Calima Energy Limited during the relevant period total \$27,200 (2017: nil). The amounts owed to Calima Energy Limited as at 30 June 2018 was nil (2017: \$nil).

Glenn Whiddon is a related party of 6466 Investments Pty Ltd. During the period ended 30 June 2018 the Company paid \$132,715 (2017: nil) to 6466 Investments Pty Ltd for the reimbursement of costs in relation to the acquisition of the Arden Project and Bonaventura Project. The amounts owed to 6466 Investments Pty Ltd as at 30 June 2018 was \$nil (2017: \$nil).

Glenn Whiddon is a related party of Mimo Trust. During the period ended 30 June 2018 the Company paid \$17,000 (2017: nil) to Mimo Trust for the reimbursement of costs in relation to the acquisition of the Arden Project and Bonaventura Project. The amounts owed to Mimo Trust as at 30 June 2018 was nil (2017: \$nil). The amounts owed to Mimo Trust as at 30 June 2018 was \$nil (2017: \$nil).

## FOR THE YEAR ENDED 30 JUNE 2018

### (d) Outstanding balances arising from sales/purchases of goods and services

There are no an outstanding balance arising from services provided by related party companies.

### 26. ACQUISITION OF ASSETS

Following a Meeting of shareholders in April 2018, approval was obtained for the Company to acquire the following projects:

- 90% of the tenement known as the Arden Zinc Project in South Australia (by way of a tenement sale agreement);
- 100% of the tenement known as the Bonaventura Zinc Project in South Australia (by way of a share sale agreement to acquire the company which owned the project being Zinc Mining Pty Ltd (ZMPL).

Consideration for the acquisitions was paid to the original owners of the Projects involved the following (note no shares were issued to any of the Directors or their associates in respect to the acquisition):

- 8,300,000 shares in the company valued at \$763,600 (refer to section (k) of Additional Information of this Annual Report for who the ordinary shares were issued too);
- 6,400,000 class A performance shares which vest on publication of a JORC (2012) Indicated Resource for the Arden Zinc Project of at least 3Mt @ greater than 10% ZnEq with a cut-off grade of at least 3% ZnEq (refer to Additional Information section of this Annual Report for who the performance shares were issued too);
- 2,300,000 class B performance shares which vest on publication of a JORC (2012) Indicated Resource for the Bonaventura Zinc Project of at least 2Mt @ greater than 10% ZnEq, with a cut-off grade of at least 5% ZnEq (refer to Additional Information section of this Annual Report for who the performance shares were issued too); and
- 2,300,000 class C performance shares which vest on publication of a JORC (2012) Indicated Resource for the Bonaventura Zinc Project of at least 5Mt @ greater than 10% ZnEq, with a cut-off grade of at least 5% ZnEq (refer to Additional Information section of this Annual Report for who the performance shares were issued too).

#### Acquisition costs

- In addition to above, Auroch issued 1,500,000 ordinary shares valued at \$138,000 to the party (Discovery Capital Partners Pty Ltd) that introduced the acquisitions as well as 1,000,000 class D performance shares which vest if any of the above performance milestones applicable to the class A, class B and class C performance shares are achieved.

Purchase consideration comprises:

|                                               |                |
|-----------------------------------------------|----------------|
|                                               | \$             |
| 8,300,000 shares                              | 763,600        |
| Performance shares (i)                        | -              |
| <i>Acquisition costs</i>                      |                |
| 1,500,000 shares                              | 138,000        |
| Performance shares (i)                        | -              |
| Net assets acquired (exploration expenditure) | <u>901,600</u> |

- (i) No value has been assigned to the performance shares due to the Director's estimate that as at the reporting date, the probability of achieving the performance conditions was considered remote.

### 27. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Auroch Minerals Limited, at 30 June 2018. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

|                     | 2018                    | 2017                    |
|---------------------|-------------------------|-------------------------|
|                     | \$                      | \$                      |
| Current Assets      | 2,978,874               | 4,385,903               |
| Non-Current Assets  | 1,020,997               | 57,173                  |
| <b>TOTAL ASSETS</b> | <b><u>3,999,871</u></b> | <b><u>4,443,076</u></b> |

## FOR THE YEAR ENDED 30 JUNE 2018

**27. PARENT ENTITY INFORMATION (continued)**

|                                              |                    |                    |
|----------------------------------------------|--------------------|--------------------|
| Current Liabilities                          | 4,026,965          | 2,117,210          |
| Non-Current Liabilities                      | -                  | -                  |
| <b>TOTAL LIABILITIES</b>                     | <b>4,026,965</b>   | <b>2,117,210</b>   |
|                                              | <b>2018</b>        | <b>2017</b>        |
|                                              | <b>\$</b>          | <b>\$</b>          |
| Contributed equity                           | 11,656,619         | 10,467,539         |
| Reserves                                     | 639,969            | 424,464            |
| Accumulated losses                           | (12,323,682)       | (8,566,137)        |
| <b>TOTAL EQUITY</b>                          | <b>(27,094)</b>    | <b>2,325,866</b>   |
| Loss for the year                            | (3,757,545)        | (2,173,631)        |
| Other Comprehensive loss for the year        | -                  | -                  |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b> | <b>(3,757,545)</b> | <b>(2,173,631)</b> |

At reporting date, the parent entity has nil guarantees and contingent liabilities (2017: Nil).

**28. DISCONTINUED OPERATIONS**

No operations were discontinued during the 2018 year (2017: nil) however the company advises the following:

**ALCOUTIM PROJECT**

The Company advised during the year that due to a condition precedent of the Binding Agreement (Agreement) not being fulfilled, it terminated the Agreement with its joint venture partners over the Alcoutim Project in south-east Portugal.

Auroch is entitled to the remaining cash at bank plus cash realised through the sale of other assets (after payment of certain windup costs) of the joint venture company Bolt Resources Pty Ltd ("Bolt"). The Company has now received these funds. As consideration for the shortfall in the repayment of the loan, Bolt shall grant Auroch a royalty of 1% of the net smelter return of any minerals mined under the licence until such time as the aggregate of the royalty actually paid to Auroch is equivalent to €1,000,000.

**TISOVA PROJECT**

The Company advised that it would not exercise its option to acquire the historic Tisová Copper Mine (Tisová Project). The Company fulfilled all its obligations under the Option Agreement which expired on 30 April 2018 and the Company was released from any further obligations under the Option Agreement.

**FOR THE YEAR ENDED 30 JUNE 2018**

**AUROCH MINERALS LIMITED**  
**ACN 119 267 391**

**DECLARATION BY DIRECTORS**

The directors of the Group declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
  - a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated Group.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2018, comply with section 300A of the Corporations Act 2001.
4. The Group has included in the notes to the financial statements and explicit an unreserved statement of compliance with International Financial Reporting Standards.
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**Glenn Whiddon**  
Chairman  
Perth, Western Australia  
27 September 2018



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### INDEPENDENT AUDITOR'S REPORT

To the members of Auroch Minerals Limited

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of Auroch Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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## Accounting for Exploration and Evaluation Assets

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The carrying value of the capitalised exploration and evaluation asset as at 30 June 2018 is disclosed in Note 10.</p> <p>As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> <li>• Whether the conditions for capitalisation are satisfied;</li> <li>• Which elements of exploration and evaluation expenditures qualify for recognition; and</li> <li>• Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.</li> </ul> <p>As a result, this is considered a key audit matter.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;</li> <li>• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;</li> <li>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;</li> <li>• Considering whether there are any other facts or circumstances existing to suggest impairment testing was required; and</li> <li>• Assessing the adequacy of the related disclosures in Note 2 and Note 10 to the Financial Report.</li> </ul> |



### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

### Report on the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Auroch Minerals Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.



### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit (WA) Pty Ltd**



**Dean Just**

**Director**

Perth, 27 September 2018

## ADDITIONAL INFORMATION

The following additional information is required by the ASX in respect of listed public companies.

### Information as at 25 September 2018

#### (a) Distribution of Shareholders

| Category (size of holding) | Number<br>Ordinary |
|----------------------------|--------------------|
| 1 - 1,000                  | 21                 |
| 1,001 - 5,000              | 70                 |
| 5,001 - 10,000             | 99                 |
| 10,001 – 100,000           | 375                |
| 100,001 and above          | 109                |
| Total                      | <b>674</b>         |

(b) The number of shareholdings held in less than marketable parcels is 30.

#### (c) Voting Rights

The voting rights attached to each class of equity security are as follows:

##### Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

#### (d) 20 Largest Shareholders — Ordinary Shares as at 25 September 2018.

| Position | Holder Name                                                                    | Holding           | % IC           |
|----------|--------------------------------------------------------------------------------|-------------------|----------------|
| 1        | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                                      | 13,337,934        | 13.51%         |
| 2        | RARE EARTH MINERALS PLC                                                        | 6,500,000         | 6.58%          |
| 3        | 6466 INVESTMENTS PTY LTD                                                       | 5,048,333         | 5.11%          |
| 4        | J P MORGAN NOMINEES AUSTRALIA LIMITED                                          | 4,575,463         | 4.63%          |
| 5        | RESOURCE HOLDINGS PTY LTD                                                      | 4,000,000         | 4.05%          |
| 6        | MR MATTHEW JOEL NORTON & MRS ROSELYNN FAY NORTON<br><NORTON FAMILY SUPER A/C>  | 2,600,000         | 2.63%          |
| 7        | MR JAY HUGHES & MRS LINDA HUGHES <INKESE SUPER A/C>                            | 2,500,000         | 2.53%          |
| 8        | INKESE PTY LTD                                                                 | 2,100,000         | 2.13%          |
| 9        | CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>                                | 2,000,000         | 2.03%          |
| 10       | MIMO STRATEGIES PTY LTD <MIMO A/C>                                             | 1,823,830         | 1.85%          |
| 11       | GETMEOUTOFHERE PTY LTD <SINKING SHIP SUPER FUND A/C>                           | 1,574,976         | 1.59%          |
| 12       | DISCOVERY SERVICES PTY LTD <DISCOVERY CAPT INV UNIT A/C>                       | 1,500,000         | 1.52%          |
| 13       | RAINMAKER HOLDINGS (WA) PTY LTD <THE MACRI INVESTMENT A/C>                     | 1,340,000         | 1.36%          |
| 14       | MR PETER STIRLING SMITH & MRS DENISE PHYLLIS SMITH<br><MONTARA SUPER FUND A/C> | 1,308,333         | 1.32%          |
| 15       | KOBIA HOLDINGS PTY LTD                                                         | 1,300,000         | 1.32%          |
| 16       | BROWN BRICKS PTY LTD<HM A/C>                                                   | 1,277,227         | 1.29%          |
| 17       | MIMO STRATEGIES PTY LTD <MIMO A/C>                                             | 1,137,488         | 1.15%          |
| 18       | BLU BONE PTY LTD <THE SHARE TRADING A/C>                                       | 1,070,122         | 1.08%          |
| 19       | RESOURCE HOLDINGS PTY LTD                                                      | 1,035,000         | 1.05%          |
| 20       | MR MATTHEW JOEL NORTON & MRS ROSELYNN FAY NORTON<br><NORTON FAMILY SUPER A/C>  | 1,000,000         | 1.01%          |
|          | <b>Total</b>                                                                   | <b>57,028,706</b> | <b>57.75%</b>  |
|          | <b>Total issued capital - selected security class(es)</b>                      | <b>98,753,540</b> | <b>100.00%</b> |

**(e) Substantial Shareholders (i.e. shareholders who hold 5% or more of the issued capital):**

| Name                                      | Number of Shares Held | Percentage |
|-------------------------------------------|-----------------------|------------|
| HSBC Custody Nominees (Australia) Limited | 13,337,934            | 13.51%     |
| Rare Earth Minerals PLC                   | 6,500,000             | 6.58%      |
| 6466 Investments Pty Ltd                  | 5,048,333             | 5.11%      |

**(f)** The name of the Company Secretary is Mr James Bahen.

**(g)** The address of the principal registered office is Unit 5, Ground Floor, 1 Centro Avenue, Subiaco WA 6008 Telephone (08) 9486 4036.

**(h)** Registers of securities are held at Automic Register Services, Level 2, 267 St Georges Terrace, Perth WA 6000.

**(i) Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Ltd.

**(j) Unquoted Securities**

| Number     | Terms                                                       |
|------------|-------------------------------------------------------------|
| 1,000,000  | Options exercisable at \$0.10 on or before 23 October 2018  |
| 24,144,650 | Options exercisable at \$0.20 on or before 23 October 2018  |
| 3,542,843  | Options exercisable at \$0.08 on or before 31 December 2018 |
| 300,000    | Options exercisable at \$0.20 on or before 24 March 2019    |
| 6,400,000  | Class A Performance Shares                                  |
| 2,300,000  | Class B Performance Shares                                  |
| 2,300,000  | Class C Performance Shares                                  |
| 1,000,000  | Class D Performance Shares                                  |
| 6,250,000  | Performance Rights                                          |

**(k) Securities Subject to Escrow**

Fully paid ordinary shares escrowed to 9 October 2018

| Name                      | Number of Shares Held | Percentage |
|---------------------------|-----------------------|------------|
| Resource Holdings Pty Ltd | 2,000,000             | 72.29%     |
| Mr Martin Bennett         | 345,000               | 12.47%     |
| Resource Holdings Pty Ltd | 345,000               | 12.47%     |
| SBV Capital Pty Ltd       | 38,333                | 1.39%      |
| Celery Pty Ltd            | 38,333                | 1.39%      |

Fully paid ordinary shares escrowed to 9 March 2019

| <b>Name</b>               | <b>Number of Shares Held</b> | <b>Percentage</b> |
|---------------------------|------------------------------|-------------------|
| Resource Holdings Pty Ltd | 2,000,000                    | 72.29%            |
| Mr Martin Bennett         | 345,000                      | 12.47%            |
| Resource Holdings Pty Ltd | 345,000                      | 12.47%            |
| SBV Capital Pty Ltd       | 38,333                       | 1.39%             |
| Celery Pty Ltd            | 38,333                       | 1.39%             |

**(I) Unquoted Equity Securities Holders with Greater than 20% of an Individual Class**

Options exercisable at \$0.10 on or before 23 October 2018

| <b>Percentage Held</b> | <b>Name</b>                          | <b>Number of Securities held</b> |
|------------------------|--------------------------------------|----------------------------------|
| 100%                   | Titan Drilling International Limited | 1,000,000                        |

Options exercisable at \$0.08 on or before 31 December 2018

| <b>Percentage Held</b> | <b>Name</b>             | <b>Number of Securities held</b> |
|------------------------|-------------------------|----------------------------------|
| 22%                    | Celtic Capital Pty Ltd  | 1,149,220                        |
| 22%                    | MIMO Strategies Pty Ltd | 1,180,659                        |

Options exercisable at \$0.20 on or before 24 March 2019

| <b>Percentage Held</b> | <b>Name</b>                                                | <b>Number of Securities held</b> |
|------------------------|------------------------------------------------------------|----------------------------------|
| 100%                   | Elysium Growth Nominees Pty Ltd <The Mielikki's Grove A/C> | 300,000                          |

Class A Performance Shares

| <b>Percentage Held</b> | <b>Name</b>               | <b>Number of Securities held</b> |
|------------------------|---------------------------|----------------------------------|
| 100%                   | Resource Holdings Pty Ltd | 6,400,000                        |

Class B Performance Shares

| <b>Percentage Held</b> | <b>Name</b>               | <b>Number of Securities held</b> |
|------------------------|---------------------------|----------------------------------|
| 25%                    | Mr Martin Bennett         | 1,035,000                        |
| 25%                    | Resource Holdings Pty Ltd | 1,035,000                        |
| 25%                    | Celery Pty Ltd            | 115,000                          |
| 25%                    | SBV Capital Pty Ltd       | 115,000                          |

Class C Performance Shares

| <b>Percentage Held</b> | <b>Name</b>               | <b>Number of Securities held</b> |
|------------------------|---------------------------|----------------------------------|
| 25%                    | Mr Martin Bennett         | 1,035,000                        |
| 25%                    | Resource Holdings Pty Ltd | 1,035,000                        |
| 25%                    | Celery Pty Ltd            | 115,000                          |
| 25%                    | SBV Capital Pty Ltd       | 115,000                          |

#### Class D Performance Shares

| Percentage Held | Name                                                     | Number of Securities held |
|-----------------|----------------------------------------------------------|---------------------------|
| 100%            | Discovery Services Pty Ltd <Discovery Capt Inv Unit A/C> | 1,000,000                 |

#### Performance Rights

| Percentage Held | Name            | Number of Securities held |
|-----------------|-----------------|---------------------------|
| 36%             | Glenn Whiddon   | 2,250,000                 |
| 24%             | Mr Aidan Platel | 1,500,000                 |

#### (m) Corporate Governance Statement

The Company's Corporate Governance Statement is available on the Company's website at: <http://www.aurochminerals.com/about-us/corporate-governance/>



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